

August 17, 2006

Program Environmental Impact Report for the Ojo de Agua Redevelopment Project Amendment

Morgan Hill Redevelopment Agency

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PROGRAM ENVIRONMENTAL IMPACT REPORT

for the

Ojo de Agua Redevelopment Project Amendment

(SCH NO. 2006062035)

August 17, 2006

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Draft Program Environmental Impact Report for the Ojo de Agua Redevelopment Project Amendment

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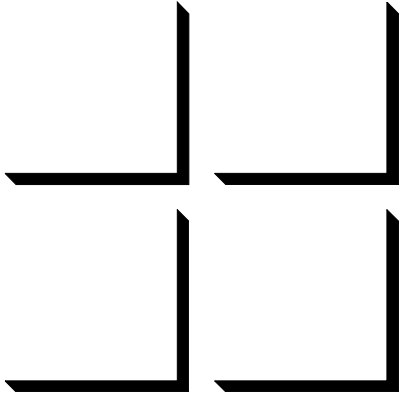
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PREFACE

This document is a Program Environmental Impact Report (the “EIR”) prepared on behalf of the Morgan Hill Redevelopment Agency (the “Agency”). The purpose of this EIR is to evaluate the potential environmental effects that could be expected to result from implementation of the proposed project, which is a proposed amendment of the Community Development Plan of the Ojo de Agua Community Redevelopment Project (the “Project” or “Plan Amendment”). The Plan Amendment was initiated by action of the Redevelopment Agency Board on February 15, 2006.

The Plan Amendment Project involves the amendment of the Agency’s existing Community Development Plan of the Ojo de Agua Community Development Project (the “Redevelopment Plan”) to detach territory (to result in an “Amended Project Area”), increase the Agency’s authorized tax increment cap, reauthorize Agency bonding authority, increase the total bond limit for the Redevelopment Project, and re-authorize eminent domain authority on non-residentially occupied properties. The Plan Amendment does not itself implement specific land development. Through the establishment of a redevelopment plan, mechanisms and tools for addressing blight become available. The overall goal of the Project is to enable the Morgan Hill Redevelopment Agency to continue to employ redevelopment tools to alleviate blighting conditions in the approximately 2,255 acre Amended Project Area.

This Program EIR uses “tiering” as authorized by CEQA Guidelines Section 15152. This EIR is tiered from the City of Morgan Hill’s General Plan Master EIR (“GP Master EIR”), which was certified in July 2001. The General Plan Master EIR is incorporated by reference into this EIR, and a copy of it may be examined at the City of Morgan Hill Community Development Department, located at 17555 Peak Ave., Morgan Hill (at City Hall). Tiering is appropriate when the sequence of analysis is from an EIR prepared for a General Plan, to an

EIR such as this Program EIR, which is a program of lesser scope. The next tier of environmental analysis will be for site-specific projects, which will occur at the time a project is proposed and will contain a more specific level of detail, reflective of the specificity that is available once implementation projects are identified and described.

CEQA Guidelines Section 15180 provides that all public and private activities or undertakings pursuant to or in furtherance of a redevelopment plan constitute a single project, which shall be deemed approved at the time of adoption of the redevelopment plan by the legislative body. The EIR in connection with the redevelopment plan is treated as a program EIR with no subsequent EIRs required for individual components of the redevelopment plan unless a subsequent EIR or a supplement to an EIR would be required by CEQA Guidelines Sections 15162 or 15163.

While the Plan Amendment does include an update of Attachment D of the Redevelopment Plan, which provides information within the Redevelopment Plan about the types of public improvements, projects and programs the Agency may pursue in furtherance of its goal to alleviate blighting conditions in the Amended Project Area, the Agency has not identified and is not proposing specific projects at this time. The Redevelopment Plan provides that any future projects or activities must be consistent with the *City of Morgan Hill General Plan* (the “General Plan”), and therefore this EIR reflects the reasonably foreseeable level of growth and development in the Amended Project Area that has been anticipated by the city’s 2001 General Plan and evaluated in the July 2001 General Plan Master EIR. As the focus of this EIR is analysis of potential environmental effects of amending the Agency’s “toolbox”, and not analysis of specific projects, it is anticipated that future projects would likely not rely on this Program EIR for CEQA clearance, but would be further tiered off of the General Plan Master EIR and this Program EIR, and those projects will be subject to new CEQA review.

This EIR presents information, largely based on the 2001 General Plan Master EIR, about anticipated impacts and necessary mitigation measures that result from reasonable forecasts of growth and development in accordance with the city’s 2001 General Plan.

Section 4.1 of this report details the future development assumptions used for all analyses in this EIR. These future development assumptions are based on the City’s presently adopted general plan goals and policies for the Amended Project Area. Pursuant to State law¹, the Project must be consistent with general plan land use

¹ State of California Community Redevelopment Law (Health and Safety Code 33000 et seq.).

policies which, in this case, are primarily contained in the General Plan. Upon its adoption, the Project will be a tool for implementing the provisions of the General Plan.

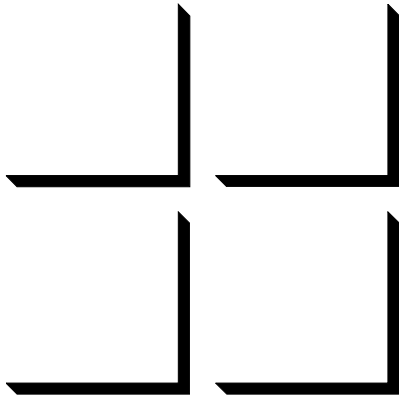
The EIR Process

In accordance with CEQA, the Morgan Hill Redevelopment Agency is the lead public agency responsible for approving the Project. As such, the Agency distributed a Notice of Preparation (NOP) advising others that an EIR would be prepared and listing the issues to be studied. The purpose of the NOP was to solicit comments on the scope and content of the EIR. A copy of the NOP, accompanying Initial Study and distribution list is found in Appendix A of this document. Those receiving copies of the NOP had 30 days to respond; the response period was from June 9, 2006 through July 10, 2006. Comments regarding the NOP were submitted to the Agency by the Santa Clara Valley Transportation Authority and by the Santa Clara County Roads and Airports Department.

The Agency also conducted a public Scoping Meeting on June 13, 2006, intended to inform interested public agencies and the public about the proposed project and to solicit input regarding the potential significant Project impacts to be analyzed in the EIR, including alternatives and mitigation measures. This meeting was conducted in compliance with Section 15083 of the State of California Guidelines for Implementation of CEQA. No public agency representatives or members of the public attended the meeting. However, members of the City Planning Commission present during the meeting expressed concerns regarding parking, parks, biological resources and the Dunne underpass.

This Draft Program Environmental Impact Report (the “DEIR”) was prepared following the 30-day NOP response period, incorporating comments received in response to the NOP. Once completed, the DEIR is circulated for a 45-day public review period, as mandated by law. Written comments on the DEIR are to be addressed to: Ms. Kathleen Molloy Previsich, Community Development Director, Morgan Hill Redevelopment Agency, 17555 Peak Avenue, Morgan Hill, CA 95037-4128.

Responses to all written comments or questions on the DEIR that are received during the review period will be prepared and included in the Final Environmental Impact Report (the “FEIR”). The Agency will review and consider the FEIR before arriving at a decision to approve, revise or reject the proposed Project.



1.0 SUMMARY

Following is a summary of the EIR for the Ojo de Agua Amended Redevelopment Project. The Plan Amendment has been prepared and is available for review at the Agency.

The character of the proposed Amended Project Area, potentially significant environmental effects of redevelopment implementation activities, mitigation measures, and potential alternatives are summarized in this Chapter. The remaining chapters of the EIR provide additional information about the issues summarized in this section.

1.1 SUMMARY PROJECT DESCRIPTION

The Project is the adoption and implementation of the Ojo de Agua Redevelopment Project Plan Amendment. Specific actions that will occur through the Project include:

1. Increase the tax increment limit by a conservative amount
2. Focus on projects needed for economic development, rehabilitation, and infrastructure improvements, particularly in the Downtown area
3. Re-authorize bonding authority, allow for issuance of Tax Allocation Bonds, and increase the bonded indebtedness limit to fund major projects
4. Repeal the time limit for incurring debt
5. Re-establish eminent domain authority only on certain commercial corridors for non-residential property.
6. Update the list of potential public improvements, projects and programs that may be pursued to address remaining blight
7. Make technical changes to the Redevelopment Plan to ensure its on-going conformity to the California Community Redevelopment

Law, California Health and Safety Code Section 33000 et seq. (the “CRL”)

8. Detach approximately 492 acres of territory (Detachment Area) from the existing 2,747-acre Redevelopment Plan Project Area (Project Area).

The overall goal of the Project is to continue to alleviate blighting conditions in the Amended Ojo de Agua Project Area.

The Project is an implementation measure of the City of Morgan Hill General Plan. The Project will provide financial and regulatory tools needed to implement the General Plan, including tax increment and bonded capacity to fund public improvements. These improvements may include, but are not limited to:

- Street improvements
- Flood control improvements
- Water and sewer improvements
- Economic revitalization and economic development
- Community facilities
- Affordable housing programs.

1.2 SUMMARY OF IMPACTS AND MITIGATION MEASURES

The following table summarizes the impacts and mitigation measures discussed in greater detail in Chapter 5.0. The Initial Study contained in Appendix A was used to focus the EIR discussion on areas that involve potentially significant impacts, largely as previously determined in the General Plan Update Master EIR that was certified in July 2001. Potential environmental impacts of the Project are summarized in the left column of the table. The mitigation measures necessary for alleviating the impacts due to implementation of the Project are summarized in the second column of the table. The third column summarizes the status of the impacts after the implementation of the mitigation measures. Pursuant to CEQA Guidelines Section 15152(f)(1) regarding use of Tiering, this Program EIR summarizes significant effects identified in the “first tier” GP Master EIR, but where that first tier EIR has already adequately addressed and mitigated a significant impact, that effect is not treated as significant for purposes of this later EIR. This Program EIR limits its analysis to potentially significant effects that were not adequately addressed in the prior GP Master EIR.

POTENTIAL IMPACTS	MITIGATION MEASURES	STATUS AFTER MITIGATION
LAND USE, POPULATION & HOUSING (See Section 5.1)		
<p>The GP MEIR determines that potential environmental effects from population, employment and housing are mitigated by the city's Residential Development Control System.</p> <p>The General Plan contains policies that recommend the use of buffers and other mitigation measures between residential, industrial and agricultural uses. Given the General Plan policies to mitigate for potential incompatibility between neighboring land uses, conflicts between land uses were not anticipated by the GP MEIR, with the implementation of such policies and with implementation of certain noise and air mitigation measures (see following sections of this summary chart) that applied to certain specific sites. The Redevelopment Plan and redevelopment projects and activities are and will be consistent with the General Plan, and no potentially significant impacts have been identified.</p>	<p>No potentially significant effects were identified by the General Plan Master EIR, and this Program EIR has not identified any environmental effects not already evaluated by the General Plan Master EIR. No mitigation measures were required by the GP MEIR, and none are required by this Program EIR which is tiered from the GP MEIR.</p>	<p>No mitigation required.</p> <p>Impacts are less than significant.</p>

POTENTIAL IMPACTS	MITIGATION MEASURES	STATUS AFTER MITIGATION
TRAFFIC (See Section 5.2)		
<p>The Project is an implementation measure of the adopted General Plan for the Amended Project Area. It does not modify existing or planned land uses in the Amended Project Area. Also, it does not modify the existing or planned circulation system as identified in the General Plan. The Project will not contribute to the increases in future traffic volumes over and above those already identified in the General Plan EIR.</p> <p>The EIR prepared and certified for the Cochrane Road PUD (sub regional shopping center at Hwy 101 and Cochrane) identified a potentially significant traffic impact which is required to be mitigated by that project.</p> <p>This Program EIR acknowledges that a South County Circulation Study is currently being conducted, which will identify needed regional transportation improvements, including significant local improvements, and may recommend a regional transportation impact fee to ensure that Highway 101 widening and other regional improvements are constructed in a timely manner. This EIR recommends that the Agency support efforts to improve regional transportation facilities so that regional traffic impacts are not significant.</p> <p>This EIR identifies a "timing of construction" factor could also affect levels of service at affected intersections within or near the Project Area. If planned street improvements are not constructed at times that are appropriate to accommodate growth and development, then there could be periods during which levels of service fall below city standards. To the extent that implementation of the Amended Redevelopment Plan results in accelerating the pace of growth and development in the Project Area and/or City, the potential that needed road improvements will not yet be constructed increases.</p>	<p>The General Plan Master EIR identified no significant traffic impacts and no mitigation measures</p> <p>The EIR for the Cochrane Road PUD identified a significant impact to the Butterfield Boulevard/Cochrane Road intersection associated with General Plan Build out (2025). The impact was mitigated through an intersection improvement required of that project which will provide two left turn lanes, two through lanes, and one right turn lane on the northbound approach and an eastbound free right turn lane</p> <p>Mitigation Measure #1: The Redevelopment Agency shall be supportive of mechanisms that would establish a regional approach to ensuring that development projects are required to fund appropriate fair shares of the cost of improvements to mitigate traffic impacts on regional transportation facilities.</p> <p>Mitigation Measure #2: Approximately every 5 years, prior to adoption of the Agency's Implementation Plan, the Agency shall participate in and fund (if funding is needed) completion of a city-wide Transportation Impact Analysis in order to provide information appropriate for updates to the City's and Agency's schedule for funding and implementing transportation improvements. The Agency shall assist, as feasible, with funding improvements within the Project Area or of primary benefit to the Project Area, so that improvements are completed in a timely manner that accommodates growth and development.</p>	<p>All traffic impacts are less than significant, with Mitigation Measures #1 and #2 being imposed on the Redevelopment Agency in conjunction with the adoption of the Amended Redevelopment Plan.</p>
PUBLIC SERVICES (See Section 5.3)		
<p>The Redevelopment Project Amendment is consistent with the General Plan and will not increase the amount or density of development already planned by the City. Similarly, implementation of the proposed Redevelopment Project Amendment will not increase the need for fire or police protection services over that already anticipated in the General Plan. The General Plan contains goals, policies and actions related to fire protection, police protection, schools, public facilities and road, and other governmental services. The GP MEIR evaluated the General Plan with respect to potential impacts on these public facilities and services. There were no potentially significant impacts identified for any of the identified public facilities and services.</p>	<p>No mitigation measures were required for adoption of the General Plan, and likewise there are none required for the Redevelopment Plan Amendment.</p>	<p>No mitigation required.</p> <p>Impacts to public services are less than significant</p>

POTENTIAL IMPACTS	MITIGATION MEASURES	STATUS AFTER MITIGATION
UTILITIES (See Section 5.4)		
<p>The GP MEIR evaluated drainage, floodwater hazard, surface and groundwater water quality, groundwater supply and public water supply, and identified the following potentially significant impacts, and corresponding mitigation measures:</p> <p>INFRA-1 IMPACT: <i>Continued reliance on groundwater as the city's sole supply could potentially constrain growth in accordance with the General Plan.</i></p> <p>The Santa Clara Valley Water District (SCVWD) prepared an Integrated Water Resources Planning document in 2003 (IWRP 2003), which provides a framework for evaluating and making decisions on future water supply. Additionally, the SCVWD prepared an Urban Water Management Plan (UWMP) water demand analysis for the Llagas Groundwater Sub-basin. Currently, the SCVWD, County of Santa Clara, and cities of Gilroy and Morgan Hill have initiated a collaborative water supply planning project, which calls for completion of a South County/Llagas Sub-basin Water Supply Plan by mid-2008.</p> <p>INFRA-2 IMPACT: <i>Continued growth and development in Morgan Hill will require additional water storage capacity to maintain adequate levels of fire protection and emergency reserves.</i></p> <p>The City of Morgan Hill adopted an updated Water System Master Plan in 2002, and developed additional water storage capacity at the Boys Ranch since the time of the GP MEIR</p> <p>INFRA-3 IMPACT: <i>Infiltration and inflow into the city's wastewater collection system will become a more significant problem if the difficulties associated with increasing disposal capacity begin to constrain growth of total treatment capacity.</i></p> <p>The City of Morgan Hill adopted a Sewer System Master Plan in 2002, and continues to undertake efforts and projects to address infiltration and inflow.</p> <p>INFRA-4 IMPACT: <i>It is expected that proposed General Plan land use changes will increase total wastewater production within the City's sewer service area. This will increase the volume of wastewater that must be transported to the SCRAW treatment plant, as well as increase and/or redistribute flows within specific segments of the city's collection system. Based on the proposed mix of residential and non-residential land uses, and on previously cited average wastewater flow rates, it is roughly estimated that total average dry weather flows would increase by 0.41 mgd at build-out. It cannot be determined if this increase would have a significant impact on the WWTP, or how the new flows would be distributed within the collection system. General Plan Action 20.1 recommends that the Sewer Master Plan be updated to incorporate these land use changes and recommend appropriate infrastructure upgrades and extensions, but previous versions of the plan only addressed the wastewater collection system, with no examination of associated treatment issues.</i></p> <p>The South County Wastewater Treatment Plant (WWTP) is operated by the South County Regional Wastewater Authority (SCRWA), which is a joint powers authority overseen by the cities of Morgan Hill and Gilroy. The City Public Works Department actively participates in SCRWA planning.</p>	<p>INFRA-1 MITIGATION MEASURE: The City should encourage all South County groundwater users to undertake a cooperative study of the Llagas groundwater basin in an attempt to quantify its long term capacity and suitability for potable use. This information would be used to plan any feasible expansions of the SCVWD recharge program and to determine whether Morgan Hill and other South County jurisdictions may ultimately have to secure a surface water supply to supplement local groundwater.</p> <p>INFRA-2 MITIGATION MEASURE: The City should define a standard and commit to meeting such a standard for water storage or emergency supply capacity, both in the aggregate and within individual pressure zones.</p> <p>INFRA-3 MITIGATION MEASURE: The General Plan should acknowledge the need for inflow and infiltration control and commit to a long term program of inflow and infiltration reduction.</p> <p>INFRA-4 MITIGATION MEASURE: The City should coordinate its wastewater studies with SCRAW to ensure that all wastewater treatment capacity requirements associated with implementation of the General Plan, increases in transient capacity through Gilroy, as well as anticipated timetables for implementation, are incorporated into plans for the expansion of regional wastewater treatment and disposal facilities.</p> <p>INFRA-5 MITIGATION MEASURE: As part of the update of the Drainage Master Plan, the City should conduct a study to determine how much additional runoff would be generated by development of new commercial and industrial areas, identify the resulting impacts on both local and downstream PL-566 facilities, and recommend mitigation measures needed to reduce the impacts to a less than significant level.</p>	<p>The GP MEIR mitigation measures are being carried out by the City of Morgan Hill on a citywide basis, and it is not necessary to require these measures for adoption of the Redevelopment Plan Amendment, which is consistent with the General Plan. Growth and development of the Amended Project Area was anticipated by the General Plan and evaluated in the GP MEIR, therefore the city's activities which are implementing the above mitigation measures for projects and activities are achieving compliance.</p> <p>Less than significant impact.</p> <p>The GP MEIR mitigation measures are being carried out by the City of Morgan Hill on a citywide basis, and it is not necessary to require these measures for adoption of the Redevelopment Plan Amendment, which is consistent with the General Plan. Growth and development of the Amended Project Area was anticipated by the General Plan and evaluated in the GP MEIR, therefore the city's activities which are implementing the above mitigation measures for projects and activities are achieving compliance.</p> <p>Less than significant impact.</p>

POTENTIAL IMPACTS	MITIGATION MEASURES	STATUS AFTER MITIGATION
<p>operation and decision-making activities. Plans for appropriate and timely expansion of treatment and disposal facilities have been developed and are implemented on a citywide basis.</p> <p><u>INFRA-5 IMPACT:</u> The General Plan calls for management of land development to minimize the need for local funding of additional flood control facilities beyond those "now being constructed" to protect areas already developed or planned for development. The City currently has several regional storm water detention facilities planned or under design, and it is expected that the proposed 225 acre expansion of commercial and industrial land uses throughout the city would increase the required capacity (and associated cost) of these facilities. In addition, this expansion could also increase the needed flow capacities within local drainage channels and downstream PL-566 project improvements.</p>		

POTENTIAL IMPACTS	MITIGATION MEASURES	STATUS AFTER MITIGATION
AIR QUALITY (See Section 5.5)		
<p>The GP MEIR found that, although the population projections were within ABAG and regional plan projections, Vehicle Miles Traveled (VMT) was expected to increase faster than population, due to an expected increase in regional traffic traveling through Morgan Hill. Therefore, the following impact was determined to be an unavoidable significant impact:</p> <p><u>AIR-1 IMPACT:</u> During the planning period for the proposed General Plan Update, the rate of increase in VMT for Morgan Hill would be greater than the rate of increase in population. Implementation of all TCMS included in the Clean Air Plan could reduce this impact, but not to a less-than-significant level.</p>	<p>None. The Redevelopment Project Amendment is consistent with the General Plan and will not increase the amount or density of development already planned by the City. However, while the Redevelopment Plan Amendment will not exacerbate impacts already identified, there is no other measure the Agency could feasibly adopt to lessen the impact, and it will remain significant and unavoidable.</p>	<p>Unavoidable significant impact.</p>
CULTURAL RESOURCES (See Section 5.6)		
<p>The General Plan Master EIR identified the following potentially significant impact to cultural resources:</p> <p><u>CULT-1a IMPACT:</u> Development under the General Plan could adversely impact undocumented historic properties, which are not protected by the proposed General Plan policy.</p>	<p><u>CULT-1a MITIGATION MEASURE:</u> Until the historic resource inventory is updated as recommended by the General Plan, no building permit for alteration or demolition shall be approved for any property over 45 years old. Buildings over 45 years old should be reviewed by a qualified architectural historian prior to project approval.</p> <p><u>CULT-1b MITIGATION MEASURE:</u> Where historical or archaeological artifacts are found, work in areas where remains or artifacts are found will be restricted or stopped until proper protocols are met.</p> <ul style="list-style-type: none"> - Work at the location of the find will halt immediately within 30 feet of the find. If an archaeologist is not present at the time of discovery, the City would contact an archaeologist for identification and CEQA evaluation. - If the find is not significant, construction can continue. The archaeologist will prepare a brief informal memo/letter that describes and assesses the significance of the resource, including a discussion of the methods used to determine significance for the find. - If the find appears significant, the archaeologist will determine if the resource can be avoided and will detail avoidance procedures. - If the resource cannot be avoided, the archaeologist will develop within 48 hours an Action Plan to avoid or minimize impacts. The field crew will not proceed until the Action Plan is approved by the City. 	<p>The GP MEIR mitigation measures are being carried out by the City of Morgan Hill on a citywide basis, and it is not necessary to require these measures for adoption of the Redevelopment Plan Amendment, which is consistent with the General Plan. Growth and development of the Amended Project Area was anticipated by the General Plan and evaluated in the GP MEIR, therefore the city's activities which are implementing the above mitigation measures for projects and activities are achieving compliance.</p> <p>Less than significant impact.</p>
NOISE (See Section 5.7)		
<p>The GP MEIR determined that the General Plan policies and actions would themselves mitigate potential noise impacts for future development, with the exception of the following impact:</p> <p><u>NOISE-1 IMPACT:</u> Development adjacent to the Union Pacific Railroad would expose vibration-sensitive receptors to</p>	<p><u>NOISE-1 MITIGATION MEASURE:</u> When project-specific applications are made for buildings to be located within 100 feet of the railroad tracks, vibration studies shall be conducted during environmental review. Mitigations such as building setbacks or other vibration reduction treatments should be</p>	<p>Noise impacts are less than significant, with Mitigation Measure #e being imposed on the Redevelopment Agency in conjunction with the adoption of the Amended Redevelopment Plan.</p>

POTENTIAL IMPACTS	MITIGATION MEASURES	STATUS AFTER MITIGATION
excessive ground-borne vibration.	incorporated into the project design. This Program EIR recommends that this Measure be imposed on the Redevelopment Plan Amendment Project.	

1.3 SUMMARY OF ALTERNATIVES

These alternatives were selected to illustrate the range of alternative actions the Agency can take regarding the Project, and the environmental costs and benefits associated with each alternative. Three potential alternatives to the proposed Plan Amendment are analyzed.

Because the Project is not a land use proposal, but a redevelopment plan intended to modify certain administrative aspects of the Ojo de Agua Redevelopment Plan, the alternatives generally reflect modest modifications to the administrative aspects of the proposed Plan Amendment. In addition, because the Project is an amendment to an existing Redevelopment Plan and is specific to the existing Redevelopment Plan Area, an alternative location alternative is not considered feasible and was therefore not included in the analysis.

The following is a summary of the alternatives that are fully described in Chapter 6.0:

No Project Alternative

This alternative requires that the proposal to adopt the Plan Amendment be terminated. Under this alternative, the boundaries of the existing 2,747-acre Project Area would stay intact; the Agency's tax increment cap and lack of authority to issue bonds would be retained; bond limits for the Ojo de Agua Redevelopment Project would not be increased; and the use of eminent domain authority on non-residentially occupied properties would not be reauthorized.

If the proposal was terminated, the Agency's authority to continue alleviation of blight in the 2,255-acre Amended Project Area would be greatly diminished, as the Agency is currently expected to reach its existing cap on level of tax increment revenues that can be received by the Agency by about December 2007. With no funding resources, the Agency would not be able to undertake additional public improvements, projects or programs. Existing conditions of blight in the Amended Project Area could be perpetuated and, at worse, may become more widespread and severe. This alternative was found to be environmentally inferior to the proposed Project.

Retention of Existing Plan Boundaries Alternative

This alternative to the Redevelopment Plan Amendment would retain the existing boundaries of the existing 2,747-acre Project Area. The 492-acre Detachment Area would not be removed. Other elements of the proposed Plan Amendment, including increasing the Agency's tax increment cap, re-authorizing bonding authority, and increasing bond

limits for the Ojo de Agua Redevelopment Project, would remain as proposed. Under these circumstances, tax increment revenues received by the Agency would not be reduced, and the Agency will reach its new cap on receipt of revenues sooner than if the Detachment Area is removed. The return of tax revenues generated from the Detachment Area to taxing agencies would not occur, and the Agency would continue to receive customary levels of tax increment revenue. During the first year of the proposed Redevelopment Plan Amendment with a smaller project area, an estimated \$860,000 would be returned to the City of Morgan Hill general fund, and over \$1,100,000 to the County of Santa Clara general fund.

This alternative was found to be similar but somewhat environmentally inferior to the proposed Project, in that the Agency's activities would not extend as long into the future, which could compress activities to the shorter term, which may not be as effective as if they were carried out over a longer timeframe, given staffing and resource constraints.

**Removal of Plan
Amendment Financing
and Eminent Domain
Components.**

This alternative would retain the Plan Amendment proposal to remove the 492-acre Detachment Area, and to reduce the Plan area to approximately 2,255 acres. However, other administrative aspects of the Project would not occur. These include no increase of the Agency's tax increment cap, no re-authorization of bonding authority, and no increased bond limits for the Ojo de Agua Redevelopment Project, and no use of eminent domain authority on non-residentially occupied properties.

If these administrative aspects of the proposal were removed, the Agency's authority to continue alleviation of blight in the 2,255-acre Amended Project Area would be severely diminished, as the Agency is currently expected to reach its existing cap on level of tax increment revenues that can be received by the Agency in about December 2007. With no funding resources, the Agency would be able to undertake additional public improvements, projects or programs. Existing conditions of blight in the Amended Project Area could be perpetuated and, at worse, may become more widespread and severe. This alternative was found to be environmentally inferior to the proposed Project.

**Environmentally
Superior Alternative**

The proposed Project is considered the environmentally superior alternative because it most directly addresses the Project's primary goal to alleviate blight in the Amended Project Area.

**1.4
AREAS OF
CONTROVERSY,
QUESTIONS
RAISED,
ISSUES TO BE
RESOLVED**

Section 15123(b) (2) of CEQA requires that the EIR Summary Section include a brief statement of areas of controversy and issues to be resolved. No items of particular controversy have been raised, although certain issues, as summarized below, were raised through the NOP process. Responses to these questions or issues are included either within this section and/or in Section 5.0 of the EIR.

Traffic

In a letter dated July 6, 2006, William Yeung, Associate Civil Engineer for the County of Santa Clara Roads and Airports Department, requested that the EIR include a mitigation plan and trip generation calculations that would potentially affect County-maintained and /or County owned intersections. However, as discussed previously and in Section 5.1.3 below, implementation of the Plan Amendment is not expected to change land use or generate new sources of traffic from that already anticipated in the General Plan. Consequently, trip generation calculations are not warranted. The Traffic section of this EIR summarizes the findings of the General Plan Master EIR Traffic Study and other city traffic studies, including an assessment of anticipated 2025 levels of service at Project Area intersections. The analysis does propose two new mitigation measures in order to ensure that the Agency supports feasible activities to ensure that regional traffic impacts are addressed, and assists the City with ensuring that traffic improvements are implemented in a timely fashion as growth and development occurs.

Parking

During the June 13, 2006 scoping meeting, comments were made by a member of the Planning Commission that the EIR should address parking impacts. As discussed under Section II.F. of the Project Initial Study, although the Plan Amendment would likely result in provision of funding for traffic improvements, including downtown off-street parking improvements, it would not alter existing City circulation plans relative to parking, and no adverse impacts relative to parking are expected as a result of the Plan Amendment. The Plan Amendment will likely have a beneficial impact on downtown parking supply, as funding for public parking is expected to become available to meet demand for parking that cannot be met by the private sector or private development.

Schools

During the June 13, 2006 Scoping meeting, comments were made by a member of the Planning Commission that the EIR should address impacts on schools. As discussed under Section II.K. of the Project Initial Study, since 1978 population growth in the City has been regulated by the Residential Development Control System (RDCS). Residential growth in the city is currently limited to an average of about 250 new dwelling units per year. Consequently, the Plan Amendment Project is not expected to adversely impact schools or other public facilities, as it will not alter the pace of population growth and student generation from what is already anticipated by the city General Plan.

Parks

During the June 13, 2006 Scoping meeting, comments were made by a member of the Planning Commission noted that the City is not meeting the park requirement of 5 acres per 1,000 people, and that demand for parks could be increased as a result of the Plan Amendment. As noted above, growth in the City is regulated by the RDCS. Consequently, the Project is not expected to adversely impact parks or the demand for parks in the City. Rather, the Plan Amendment is expected to generate a continued flow of redevelopment funds that will be available for public improvements, including planned park and recreation facilities.

Biological Resources

During the June 13, 2006 Scoping meeting, comments were made by a member of the Planning Commission that the EIR should address impacts to biological resources. As discussed under Section II.G. of the Project Initial Study, there are limited biological resources in areas of the City and the Amended Project Area. The City General Plan contains policies to protect streams and creeks that flow through Morgan Hill. Additionally, the City has adopted a Burrowing Owl Habitat Mitigation Plan aimed at mitigating impacts to this state-listed species of special concern. All projects must comply with the Mitigation Plan. The Redevelopment Plan Amendment will be consistent with the General Plan and its policies, as well as the Burrowing Owl Plan. Biological resources in the Amended Project Area would be protected by existing City policies and plans, as well as the requirement for future CEQA reviews at the time that projects are proposed. These mechanisms reduce potential significant adverse impacts from the Redevelopment Plan Amendment Project relative to the above-defined biological resources to less than significant levels

Dunne Avenue Grade-Separated Railroad Crossing

During the June 13, 2006 Scoping meeting, comments were made by a member of the Planning Commission noted that a grade-separated Dunne Avenue railroad crossing could positively affect the railroad. A number of roadway improvements have and would continue to be funded through the existing Redevelopment Plan and proposed Plan Amendment. The grade-separated Dunne Avenue railroad crossing is included in the preliminary list of potential Plan Amendment projects (reference Table 2, below).

Section 15123(b) (3) of the CEQA Guidelines requires that the EIR Summary include a brief statement of issues to be resolved. With regard to the proposed Plan Amendment Project, the major areas discussed by this EIR include: land use, population and housing; traffic; public services; utilities; air quality; cultural resources; and noise.

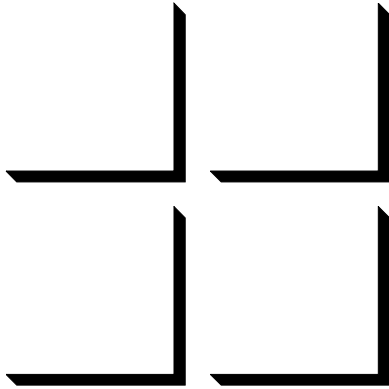
Prior to approving the Plan Amendment, the Agency must certify the Final EIR in conjunction with making the following findings:

1. The final EIR has been completed in compliance with CEQA;
2. The final EIR was presented to the Agency's decision-makers, and that the decision-makers reviewed and considered the information contained in the final EIR prior to approving the project; and
3. The final EIR reflects the Agency's independent judgment and analysis.
4. For each significant effect identified by the General Plan Master EIR, a determination that the effect has been adequately addressed because either (a) they have been mitigated or avoided as a result of the prior EIR and findings adopted in connection with that prior environmental report; or (b) they have been examined at a sufficient level of detail in the prior EIR and findings adopted in connection with that prior environmental report.

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2.0 INTRODUCTION

2.1 ENVIRONMENTAL IMPACT REPORT REQUIRED The proposed Project involves the adoption and implementation of the Ojo de Agua Redevelopment Project Amendment (the “Project” or “Plan Amendment”). Adoption and implementation of a redevelopment plan is a project as defined by CEQA, and is thus subject to the provisions of CEQA and the State CEQA Guidelines.

2.2 PURPOSE, INTENT AND SCOPE This EIR has been prepared to comply with the provisions of CEQA, the CEQA Guidelines, and the Agency and City of Morgan Hill (City) guidelines for implementing CEQA. The purpose of this document is to identify, evaluate, and propose mitigation measures and alternatives to reduce Project impacts, if required, for significant environmental impacts that may be associated with the adoption of the Project. This document also seeks to solicit comments from public agencies, other organizations and the public at large. The EIR is intended for use as an informational document, and neither makes any recommendations regarding the Project, nor authorizes any implementing actions by the Agency or the City. Rather, the EIR is oriented toward providing decision makers, their staffs, other involved public agencies, interested organizations, and the general public with an objective and impartial assessment of the potential environmental impacts that could result from implementation of the Project.

This document also is intended to provide a forum for the discussion of the Project’s potential impacts through the public review, comment and public hearing process. Pursuant to CEQA Guidelines Section 15180, which requires EIRs in support of redevelopment plans to be program EIRs, this EIR is a program EIR. Section 15168 of the CEQA Guidelines defines a program EIR as that which evaluates the overall effect of a series of actions that are related through the “issuance of

rules, regulations, plans, or general criteria to govern the conduct of a continuing program...” Program EIRs are most useful in addressing program-wide impacts, including the secondary or cumulative effects of what would otherwise be a series of individual actions that would be environmentally evaluated separately.

In accordance with the CEQA Guidelines², the level of detail in this EIR corresponds to the level of detail provided in the Project proposal. This document evaluates the direct, indirect and cumulative impacts of the Project at a level of detail associated with the Amended Redevelopment Plan.

2.3 PROJECT PROPONENT REQUIRED

The Project is proposed by the Morgan Hill Redevelopment Agency, which has offices located at 17555 Peak Avenue Morgan Hill, CA 95037-4128. The Agency is an autonomous governmental body that was activated by City ordinance. The Agency’s governing board is composed of five members, all of whom also serve as the City Council. The Agency is empowered to prepare and implement redevelopment plans and projects for the improvement, rehabilitation and redevelopment of blighted areas within the limits of the City of Morgan Hill. With respect to CEQA, the Agency is the lead agency, and the City is a responsible agency for the proposed Project. The Plan Amendment was initiated in February 2006.

Once the Project is adopted, there will be no other permits necessary from other public agencies, including responsible agencies, in order for the Project to become effective.

2.4 INCORPORATION BY REFERENCE

Section 15150 of the State CEQA Guidelines encourages incorporation by reference of other documents to eliminate the need for inclusion of copious technical and other background information into an EIR. Of particular relevance to this EIR are the following documents, all of which are hereby incorporated by reference into this EIR, and are available for inspection at the Agency. Brief descriptions of each document follow:

Draft Preliminary Report for the Ojo de Agua Amended Redevelopment Project, (August 06) – The Draft Preliminary Report, prepared by GRC Redevelopment Consultants, Inc. (GRC) on

² Section 15146 and 15146 (b) of the CEQA Guidelines.

behalf of the Agency, identifies the general parameters for the Project, including project boundaries and goals and objectives.

City of Morgan Hill 2001 General Plan As Amended) – According to Section 33331 of the *CRL*, the Redevelopment Project must be consistent with the General Plan, including its associated Area Plan, and its updates.

City of Morgan Hill, General Plan Master EIR and Transportation Analysis (July 2001)

City of Morgan Hill Cochrane Road Planned Unit Development Draft and Final EIRs (July and October 2005)

City of Morgan Hill Draft Transportation Impact Report – Morgan Hill Trader Joe's, Fehr & Peers Transportation Consultants (April 2006)

All documents incorporated by reference may be examined at the offices of the Community Development Department, City of Morgan Hill City Hall, 17555 Peak Avenue, Morgan Hill.

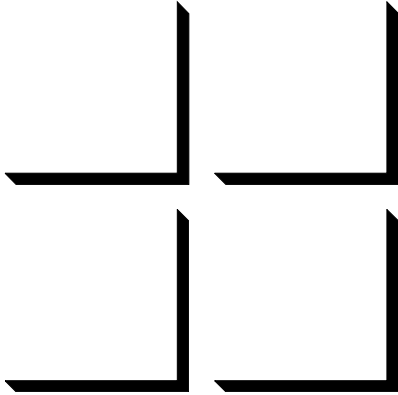
**2.5
EFFECTS FOUND
NOT TO BE
SIGNIFICANT**

A preliminary environmental assessment for the proposed Project included an Initial Study and subsequent discussions with City staff and responsible agencies. Based on this assessment and subsequent research conducted in support of the EIR, issues related to Aesthetics, Air Quality, Biological Resources, Cultural Resources, Geology/Soils, Hazards, Mineral Resources, Noise, Population and Housing, and Recreation were determined to be insignificant or mitigated to levels of insignificance through existing state and/or City policies and regulations. These issues were therefore determined not to be relevant to the Project, and are not included in this EIR. The Initial Study is included in its entirety as Appendix A.

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3.0 PROJECT DESCRIPTION

This Chapter discusses the Project's location, size, goals, potential public improvement projects, existing conditions of blight and urbanization, and development assumptions that have been applied in projecting the Amended Project Area build-out and associated potential environmental impacts.

3.1 PROJECT LOCATION The Ojo de Agua Redevelopment Project Amendment encompasses approximately 2,255 acres of the existing Ojo de Agua Amended Project Area. The Amended Project Area is generally located south of Burnett, west of Juan Hernandez Street, north of Fisher and east De Witt, in the City of Morgan Hill. (Reference *Project Area Location Map*, Exhibit 1.)

3.2 PROJECT BACKGROUND Redevelopment is the primary tool used by cities and counties in California to revitalize deteriorating and blighted areas of neighborhoods and business districts. State Community Redevelopment Law (CRL) endows a city with specific authority to establish a redevelopment agency and "project areas." Redevelopment agencies undertake a wide variety of public improvement projects, economic revitalization activities, economic development projects, and housing projects and activities to address blighting conditions and improve a project area.

In November 1980, the Morgan Hill Redevelopment Agency was activated. In June 1981, the Agency adopted the Community Development Plan for the Ojo de Agua Project Area. In 1994 and in 1999, the Plan was amended.

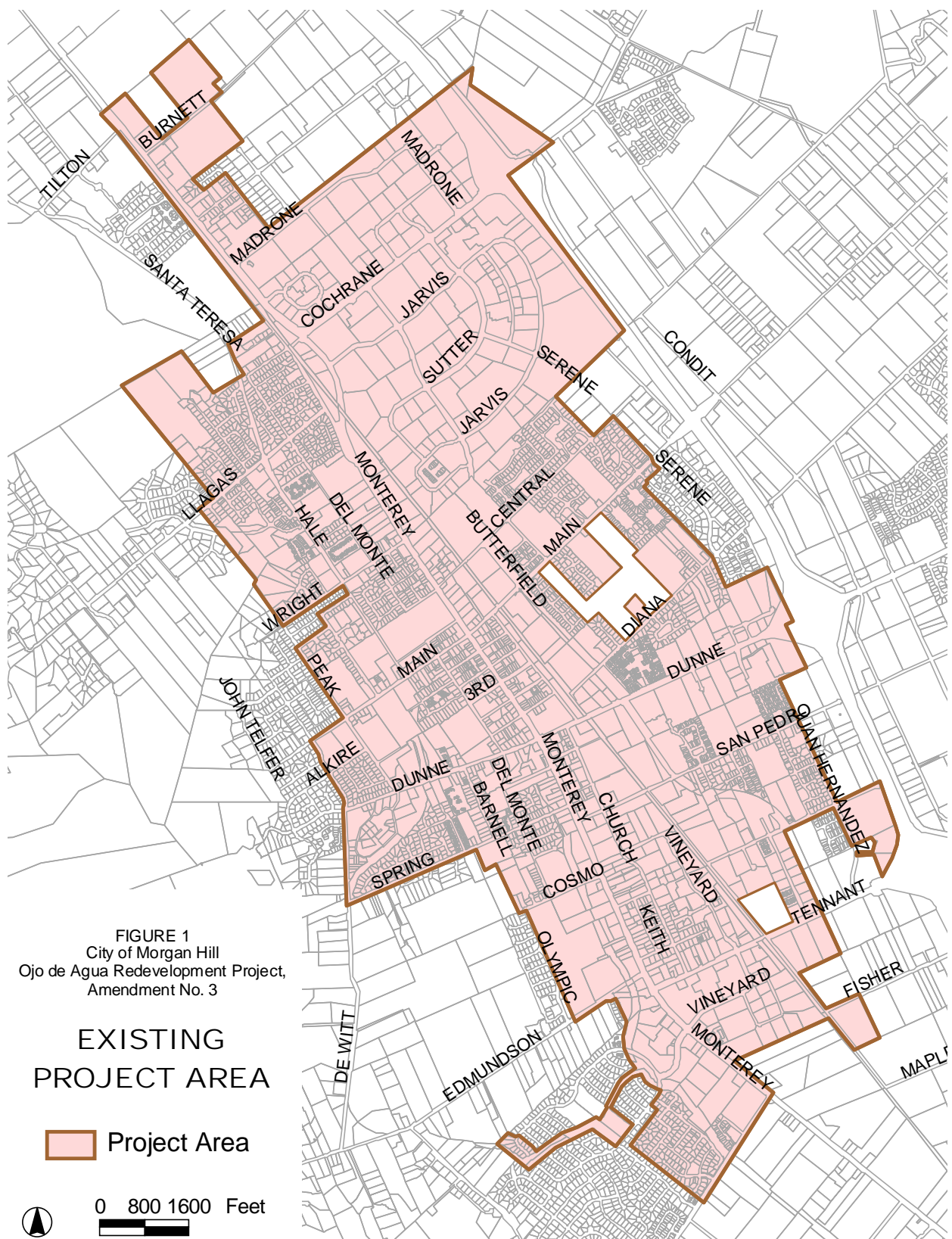


FIGURE 1
City of Morgan Hill
Ojo de Agua Redevelopment Project,
Amendment No. 3

The Agency's primary objective for adoption and continued implementation of the Amended Redevelopment Plan for the Ojo de Agua Project Area is to alleviate the following conditions:

- Physically deteriorated, outmoded, and unsafe structures
- Conflicting hazardous land uses
- Inappropriate mixed land uses
- Circulation inadequacies
- Insufficient parking
- Inadequate utility systems
- Flood control and drainage problems
- Inadequacies of recreational, cultural, social, and governmental facilities.

The Agency also uses the Amended Redevelopment Plan to increase, improve, or preserve the supply of low- and moderate-income housing. Agency activities related to affordable housing include:

- Development of new affordable housing
- Rehabilitation of affordable housing
- Housing program administration, including the City's Below Market Rate (BMR) housing program
- Administration of the City's Community Development Block Grant (CDBG) program.

The Agency's primary funding tool for achieving these objectives is "Tax Increment." When a redevelopment project area is adopted, a "base year" is established for the assessed value of all the property in the project area. As the assessed value of the properties increases above that established in the base year, the additional property taxes generated go to the Redevelopment Agency. This property tax revenue is referred to as "Tax Increment."

In Morgan Hill, many of the City's most notable public improvements over the last 25 years would not have been possible without the Redevelopment Agency and Tax Increment funding³.

Recent and current infrastructure improvements constructed or being constructed through Agency assistance include:

- Tennant/Edmundson intersection alignment

³ City of Morgan Hill official website, July 13, 2006; <http://www.morgan-hill.ca.gov/html/gov/about.asp>.

- Butterfield Boulevard from Cochrane to Tennant
- Dunne Avenue widening
- Monterey Road repaving
- Tennant Avenue widening
- Water/Sewer/Storm drain improvements
- Median Improvements
- Sidewalk improvements
- Utility Undergrounding
- Depot Street Reconstruction, Utility Undergrounding and Streetscape Improvements

Recent and current public and community facilities assisted, constructed or being constructed through Agency assistance include:

- Community and Cultural Center
- Community Playhouse
- Aquatics Center
- Centennial Indoor Recreation Center
- Library
- Sports Complex
- Land Acquisition for County Courthouse
- Land Acquisition & jt. development of Caltrain parking lot

Recent and current Downtown and Economic Revitalization projects and activities that have been completed with Agency assistance include:

- Façade grants (over 60 grants)
- Brew Pub, Granary, Scofone Bldg, Gunter Bros. mixed use project
- Update of Downtown Plan, other special studies.

In addition, over 1,300 housing units owned or occupied by low- and moderate-income households have been assisted through Agency efforts.

As part of the existing Redevelopment Plan for the Ojo de Agua Project Area, limitations are set regarding the amount of Tax

Increment that can be generated; the amount of and time period in which bond indebtedness can be incurred, and the time period in which eminent domain authority can be used. These existing Plan limitations are as follows:

- Tax Increment Amount \$247,000,000
- Bond Amount \$7,000,000*
- Bond Indebtedness January 1, 2014
- Plan Effectiveness June 3, 2021
- Tax Increment Receipt June 3, 2031
- Eminent Domain Expired.

* The existing Redevelopment Plan does not allow use of Tax Allocation Bonds

The Agency expects to reach its tax increment limitation or cap by 2008. Yet, although the Agency has made substantial progress toward alleviating blight, blighting conditions in certain areas of the existing Project Area still remain. These remaining blighted areas are located in the Amended Project Area. To continue its efforts toward alleviating areas of blight, the Agency is proposing the Plan Amendment, which would extend existing funding and eminent domain authority on non-residential properties.

3.3 PROJECT DESCRIPTION

The Ojo de Agua Redevelopment Project Amendment (Plan Amendment or Project) proposes to amend the 1999 Community Development Plan of the Ojo de Agua Project, originally adopted June 30, 1981. This proposed Plan Amendment has been initiated by the Morgan Hill Redevelopment Agency (the Agency) to accomplish the following:

1. Increase the tax increment limit by a conservative amount
2. Focus on projects needed for economic revitalization/development, rehabilitation, affordable housing, and infrastructure improvements, particularly in the Downtown area
3. Re-authorize bonding authority and increase the bonded indebtedness limit to fund major projects
4. Repeal the time limit for incurring debt
5. Re-establish eminent domain authority only on certain commercial corridors for non-residential properties
6. Update the list of potential public improvements, projects and programs necessary to address remaining blight
7. Make technical changes to the Redevelopment Plan to ensure its on-going conformity to the California Community Redevelopment

Law, California Health and Safety Code Section 33000 et seq. (the “CRL”)

8. Remove 492 acres from the Project Area (“Detachment Area”)

The proposed Amendment would change the various limits as shown in Table 1.

TABLE 1
CURRENT AND PROPOSED REDEVELOPMENT PLAN LIMITS

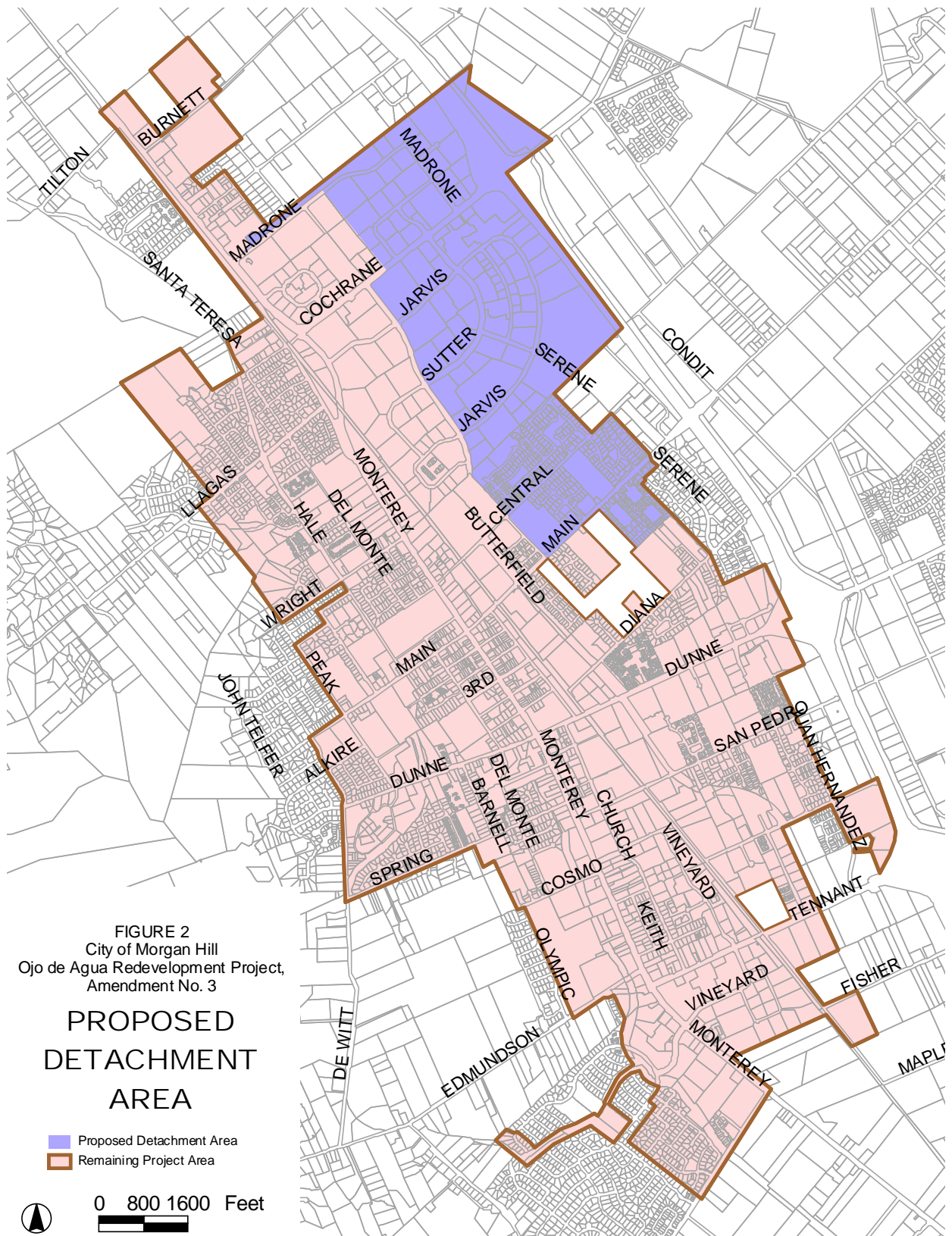
<i>TYPE</i>	<i>CURRENT LIMIT</i>	<i>PROPOSED LIMIT</i>
Debt Incurrence	January 1, 2014	Repeal
Plan Effectiveness	June 3, 2021	June 3, 2024
Tax Increment Receipt	June 3, 2031	June 3, 2034
Bond Authority and Increase Limit	\$7,000,000	\$150,000,000
Tax Increment Limit	\$247,000,000	\$582,000,000
Eminent Domain*	Expired	June 3, 2018

*On a limited basis; expires 12 years from adoption of Plan Amendment

The Agency is also proposing to detach properties that no longer need redevelopment assistance. The proposed Detachment Area consists of approximately 492 acres, and generally includes industrial and residential properties that are in excellent condition. (Reference, *Detachment Area Map*, Exhibit 2). Redevelopment activities in the Detachment Area are complete and redevelopment assistance is no longer needed. The detachment would provide an immediate increase in revenues for the City’s General Fund, Santa Clara County, and other local taxing agencies.

The proposed changes to the Redevelopment Plan limits are intended to support the Redevelopment Agency’s ability to facilitate the continued removal of blight in the Amended Project Area.

Funds raised through the Plan Amendment will be channeled to a myriad of yet unspecified projects and activities that will be administered through the Agency. These potential projects and activities that may be funded through the Plan Amendment include, but are not limited to those listed in Table 2, below. Precise scope, location, size and timing of these actions are not known at this time. Should any of these projects or activities proceed, they will be subject to separate planning and environmental review processes through the City of Morgan Hill.



<p style="text-align: center;"><i>Table 2</i> PRELIMINARY LIST OF POTENTIAL AMENDED REDEVELOPMENT PLAN PROJECTS AND ACTIVITIES</p>	
Economic Revitalization and Economic Development	
Marketing	
Foster Business Attraction & Retention	
Projects & Programs to Enhance Downtown	
Facade Improvement Program	
Commercial Rehab. Loan Program	
Historic Preservation	
Entry Statement Construction	
Toxic Clean-up	
Downtown Off-Street Parking Improvements	
Downtown Streetscape/Ped Improvements	
Third Street Promenade & Plaza	
Street Improvements	
Madrone/Monterey Improvements	
Dunne Grade Separation	
Butterfield Extension (s/o Tennant to Monterey Rd.), possible Widening and Grade Separation	
Tennant Ave. Widening	
Tennant Ave. Overcrossing Expansion	
San Pedro/Spring Realignment	
Street Construction/Reconstruction	
Median Construction: Monterey & Cochrane	
Downtown Traffic Calming	
Traffic Signals	
Undergrounding Monterey Road Utilities	
Other Utility Undergrounding	
Sidewalk Construction	
Other Street Improvements & Extensions	
Flood Control	
PL 566	
Local Connections	
Butterfield Storm Drain	
Water/Sewer	
Sewer Main Reconstruction	
Water System (Mains, New Wells, Pumping Station)	

<p><i>Table 2</i> PRELIMINARY LIST OF POTENTIAL AMENDED REDEVELOPMENT PLAN PROJECTS AND ACTIVITIES</p>	
Community Facilities	
Library Expansion	
Aquatics Center Improvements	
Sports Complex Implementation	
Youth Center (renovation El Toro/Friendly Inn)	
Community Park Master Plan Implementation, including Corporation Yard Relocation	
Fire Station	
Affordable Housing Programs	
Housing Rehab Loan Program	
Senior Housing Repair Program	
Mobile Home Repair Program	
New Housing Development	
Major Housing Rehab Projects	
BMR Program Administration	

3.4 PLAN AMENDMENT GOALS

As previously stated in the *Amendment to the Community Development Plan of the Ojo de Agua Community Development Project (March 1999)*, the following are the goals the Agency would like to achieve in through this Amended Plan:

1. Promote and facilitate expansion and development of new and the retention of existing commerce and businesses to, among other benefits, improve employment opportunities and economic growth within the Amended Project Area specifically and the City in general.
2. Encourage the redevelopment of the Amended Project Area through the cooperation of private enterprise and public agencies.
3. Provide public infrastructure improvements such as the installation, construction and/or reconstruction of streets, utilities, facilities, structures, flood control devices and projects, street lighting, undergrounding of overhead utility lines, sewer systems, and other improvements and actions which are necessary for the effective redevelopment of the Amended Project Area.
4. Provide for the development of community buildings and facilities which are necessary for the effective redevelopment of the Amended Project Area.

5. Continue to upgrade and improve the Downtown, so that it will continue to serve as the social and commercial center of the community.
6. Provide owner participation opportunities in conformance with the Amendment.
7. Provide for the rehabilitation of buildings and other structures, especially those buildings, structures and sites that are of architectural and/or historical value to the City, where determined financially feasible and where the structures can and will serve a significant purpose.
8. Substantially balance the housing stock and economic base of the community.
9. Encourage the enhancement of the residential neighborhoods in the City, especially in terms of basic livability for the residents of the Amended Project Area.
10. Increase, improve and preserve the community's supply of affordable housing, encourage housing improvement and rehabilitation, and encourage public and/or private initiatives, within the parameters of the City's Residential Development Control System (RDCS) that preserve and enhance the supply of affordable housing throughout the Amended Project Area.
11. Provide for the minimum displacement of residential homeowners and provide relocation assistance where Agency activities result in displacement.
12. Preserve and enhance the "rural, small town" environment of Morgan Hill.

These goals may be refined, expanded upon, or otherwise modified throughout the adoption process.

3.5 REDEVELOPMENT PLAN COMPONENTS

The Ojo de Agua Redevelopment Plan Amendment includes a number of components that establish the Agency's policy for promoting redevelopment in the Amended Project Area, and actions the Agency may take in implementing that policy. The principal components of the Project are:

1. **Implementation Program:** An implementation program describes potential redevelopment activities, indicating how the Agency intends to carry out the plan and the legal powers that the Agency may exercise in the Amended Project Area. These legal powers include the power to acquire property (by eminent domain in certain commercial areas, if necessary); to manage and operate

property until it is resold; to relocate and provide replacement housing for displaced occupants; to demolish or remove buildings and improvements; to rehabilitate and preserve buildings and structures; and to install, construct, expand, add, maintain and reconstruct streets, utilities and other public improvements and facilities.

2. **Land Use Plan:** A land use plan indicates the proposed uses for each parcel within the Amended Project Area boundaries and establishes criteria for development. Proposed land uses, as well as population densities and building standards are consistent with the General Plan, and all other applicable codes and ordinances, as amended from time to time.
3. **Capital Improvements List:** A capital improvements list outlines the potential public improvements that may be funded by the Agency in support of revitalization of the Amended Project Area.
4. **Financing Plan:** A financing plan outlines how the Agency will fund the project, including collection of tax increment revenues, issuing of tax increment bonds, and establishing time limits for the indebtedness.

**3.6.1
Blighting Conditions
To Be Addressed
As Authorized By
Plan Amendment**

The Redevelopment Plan Amendment contains a detailed description of remaining blight-related conditions in the Amended Project Area. Pursuant to the *CRL*, to amend a redevelopment area, the agency must demonstrate that remaining blight exists. In general, blight is a physical or economic condition that reduces or eliminates the proper utilization of an area to such an extent that the blighting conditions cannot be reversed or alleviated by private enterprise acting alone. Blighting conditions are summarized below.

1. Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors.
2. Factors that prevent or substantially hinder the economic viability of use or capacity of buildings or lots. This condition can be caused by a substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors.
3. Adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those parcels or other portions of the area.

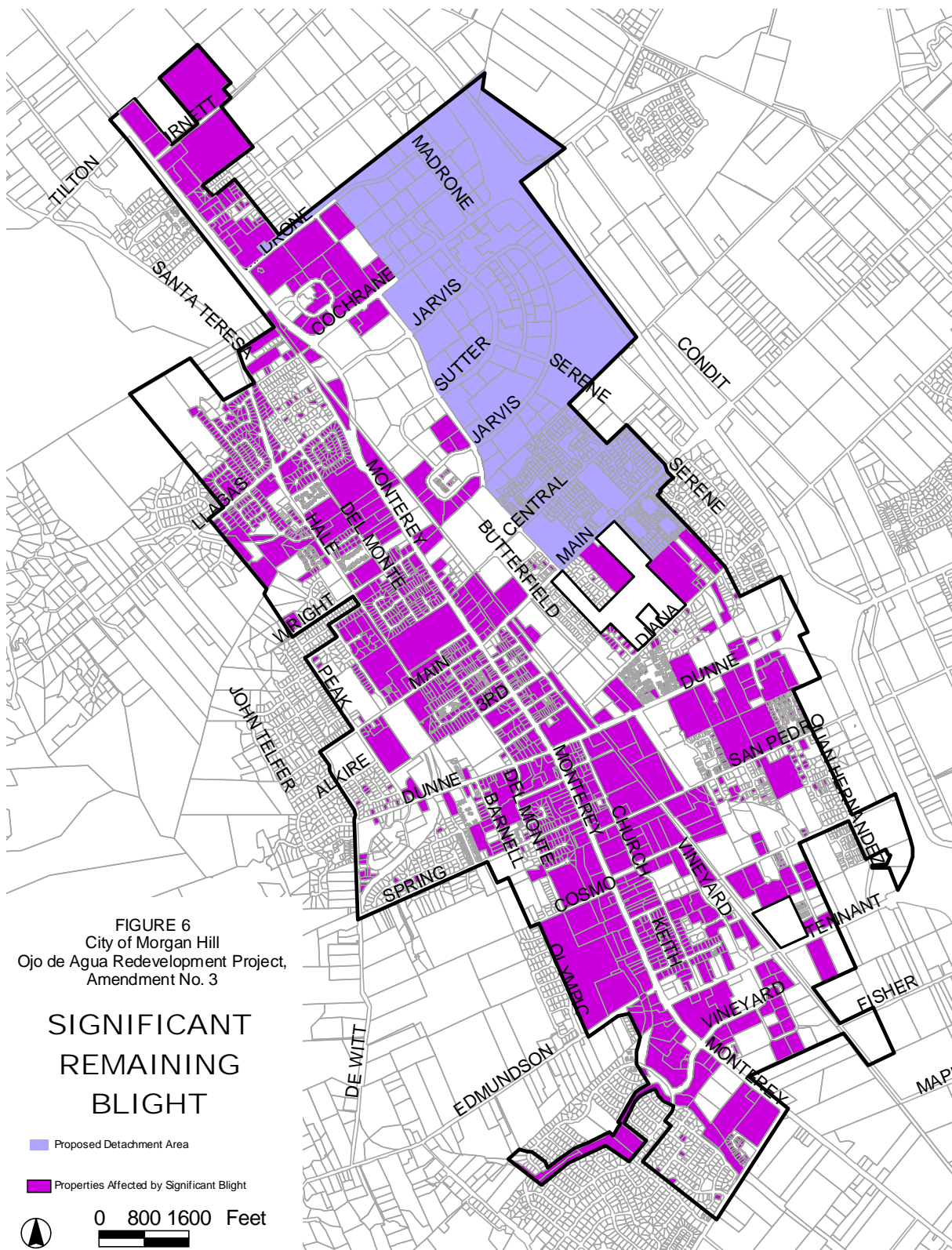
4. Subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.
5. Depreciated or stagnant property values or impaired investments including, but not necessarily limited to, properties containing hazardous waste.
6. Abnormally high business vacancies, abnormally low lease rates, high turnover rates, abandoned buildings, or excessive vacant lots within an area developed for urban use and served by utilities.
7. A lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.
8. Residential overcrowding or an excess of bars, liquor stores, or other businesses that cater exclusively to adults that has led to problems of public safety and welfare.
9. A high crime rate that constitutes a serious threat to the public safety and welfare.

3.6.2 Blighting Conditions in the Amended Area

In accordance with *CRL* Section 33031(a), field studies completed by GRC⁴ in support of the Redevelopment Plan Amendment showed that significant economic and physical conditions of blight continue to exist throughout much of the Amended Project Area. Areas of remaining blight are noted in Exhibit 3, *Areas of Remaining Blight*, below; and include the following conditions:

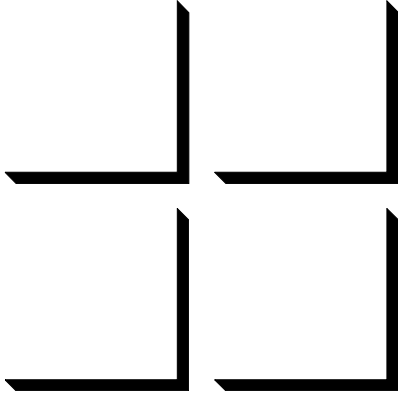
- Unsafe or unhealthy buildings
- Factors that prevent or substantially hinder viable uses
- Incompatible land uses
- Impaired investments
- High business vacancies

⁴ Field studies completed by during the months of March – July 2006. Results of the field studies are summarized in the *Draft Preliminary Report for Morgan Hill's Redevelopment Ojo de Agua Redevelopment Project*, (July 06).



**3.7
DEVELOPMENT
ASSUMPTIONS**

To ensure conformity with the General Plan, the Redevelopment Project will adopt by reference the General Plan and require that any subsequent redevelopment projects and activities be consistent with the General Plan. The Project proposes only actions, improvements and land uses that would otherwise be permitted under the General Plan.



4.0 ENVIRONMENTAL SETTING

This Chapter explains the environmental setting for the Amended Project Area in terms of land use and physical characteristics. The purpose of this section is to provide, pursuant to provisions of the CEQA, a description of the physical environmental conditions in the vicinity of the Project from both a local and a regional perspective. It also summarizes certain General Plan policies and findings of the General Plan Master EIR (which provides the first tier EIR from which this Program EIR is prepared), as that background setting provides context for determining whether effects are required to be evaluated in this EIR. This environmental setting, in conjunction with the existing conditions sections contained for each environmental topic presented in Section 5.0, provides a set of baseline physical conditions that will serve as a tool from which the lead agency will determine the significance of environmental impacts resulting from the proposed Project.

4.1 LAND USES

Existing Land Uses

A description of the existing land uses by acreage in the Existing Project Area, Detachment Area and Amended Project Area is provided in Table 3, below:

Table 3 EXISTING LAND USES – EXISTING AREA, DETACHMENT AREA AND AMENDED PROJECT AREA						
	Existing Project Area		Detachment Area		Amended Project Area (Remaining Area)	
Land Use	Parcels	Acres	Parcels	Acres	Parcels	Acres
Single Family Residential	2,527	637.26	454	76.82	2,073	560.44
Multiple Family	705	123.90	27	2.04	678	121.86
Mobile Home Park	195	57.11	0	0.00	195	57.11
Commercial	195	238.35	17	47.28	178	191.07
Office/Professional	69	37.60	6	10.69	63	26.91
Industrial	223	448.05	51	191.84	172	256.21
Institutional	31	42.96	1	2.00	30	40.96
Public	98	241.14	3	22.75	95	218.39
Vacant	208	562.44	15	74.18	193	488.26
Streets and Rights of Way		358.32		64.14		294.18
Total	4,251	2,747.13	574	491.74	3,677	2,255.39

General Plan Land Use Designations

A description of the General Plan Land Use Map designations by acreage in the Existing Project Area, Detachment Area and Amended Project Area is provided in Table 4, below:

Table 4
GENERAL PLAN LAND USE MAP LAND USE DESIGNATIONS –
EXISTING AREA, DETACHMENT AREA AND AMENDED PROJECT AREA

Land Use	Existing Project Area		Detachment Area		Amended Project Area (Remaining Area)	
	Parcels	Acres	Parcels	Acres	Parcels	Acres
Residential Estate	32	81.59	0	0.00	32	81.59
Single Family Low	232	21.95	0	0.00	232	21.95
Single Family Medium	1,814	411.55	432	63.24	1,382	348.31
Multi-Family Low	1,116	627.62	41	3.41	1,075	624.21
Multi-Family Medium	196	120.45	0	0.00	196	120.45
Multi-Family High	2	1.54	0	0.00	2	1.54
Mixed Use	272	72.86	0	0.00	272	72.86
Commercial	170	197.30	8	22.35	162	174.95
General Commercial	6	15.24	6	15.24	0	0.00
Campus Industrial	2	16.25	0	0.00	2	16.25
Non-Retail Commercial	69	40.17	0	0.00	69	40.17
Industrial	276	586.81	86	306.83	190	279.98
Public Facilities	22	117.21	1	16.53	20	100.68
Streets and Rights of Way		358.32		64.14		294.18
	4,209	2,668.86	574	491.74	3,635	2,177.12
Source: GRC Redevelopment Consultants based on field surveys, Santa Clara County Assessor's data, and City of Morgan Hill GIS data. 2006						

Land Use Policies

Future development and redevelopment activities within the Amended Project Area will occur in accordance with the General Plan, Zoning Code and applicable environmental plans and policies.

Growth in the City is regulated by the Residential Development Control System (RDCS) that currently limits the City's residential growth to an average of about 250 new dwelling units per year. The RDCS was approved by Morgan Hill voters in 1977 as Measure E. The RDCS was extended by the voters in 1990 as Measure P and again in 2004 as Measure C, and it is part of the City's General Plan. Measure C currently extends the RDCS to 2020 and establishes a population ceiling of 48,000 for that year.

Surrounding Land Uses

Uses surrounding the Amended Project Area are of similar uses and densities. Surrounding land uses include a mix of residential, commercial and industrial uses. U.S. Highway 101 is located east of the Amended Project Area.

4.2 PHYSICAL CHARACTERISTICS OF THE AMENDED PROJECT AREA

Geology

There are a number of active and potentially active faults that are located within the vicinity of the City. These include the Calaveras Fault, which is a major branch of the San Andreas located about three miles east of the City, and the Sargent Fault located about eight miles west of the City. There are also three smaller faults, all of which appear to be connected to the Calaveras Fault, including the Silver Creek Fault, the Coyote Creek Thrust Fault, and the Range Front Thrust Fault, which are all located from one half mile to one mile east of the City. As discussed in the Project Initial Study (reference Appendix A), existing City policies are in place to ensure that all development activity in the City complies with the California Building Code.

The General Plan contains goals and policies related to reduction of geologic/seismic hazards. The GP MEIR identified existing and known future conditions (i.e. standard regulations, permit processes and so forth) that mitigate or avoid potential geologic and seismic hazards. All structures in the City are required to be designed in accordance with the design standards in the Uniform Building Code (UBC). Compliance with the UBC requires that geotechnical engineering studies are undertaken for all major new buildings or earthworks. Additionally, the City follows the policies and criteria adopted by the State Mining and Geology Board pursuant to Section 2623 of the State Public Resources Code. Projects within the city's Seismic Combining District are subject to additional construction restrictions and geotechnical reporting requirements. In summary, the GP MEIR determined that the General Plan policies and the city's standard practices would avoid potentially significant impacts, and no mitigation measures were required for adoption of the General Plan, and likewise there are none required for the Redevelopment Plan Amendment.

Flooding

According to the General Plan EIR, the northeast portion of the Amended Project Area is within the Llagas Creek 100 year floodplain, an area with a one percent or greater chance of being flooded in any year. Development in the floodplain must be controlled because it can increase flooding hazards by raising water levels upstream and by adding flow, velocity and debris downstream. The Butterfield Channel traverses the Amended Project Area, containing flows passing through the area and disbursing them into flood control facilities to the south (a regional retention basis to the south remains a needed improvement). All development in the City pays local storm water drainage impact fees that are used to make improvements to drainage infrastructure.

Biology

Identified biological communities in the Amendment Project Area include non-native grassland, with intermittent occurrences of chaparral and oak woodlands/savannah in surrounding areas. Burrowing owl, listed by the State of California as a species of concern, may nest within the undeveloped areas in the central portion of the Amended Project Area. Existing City policies require that all construction activities in potential nesting areas conform to the citywide Burrowing Owl Habitat Mitigation Plan, including, but not limited to, a preconstruction survey to determine the presence or absence of burrowing owl habitat.

The General Plan includes provisions for the conservation of natural resources, including protection of sensitive biological resources. The GP MEIR stated that potential effects on biological resources are mitigated in part by compliance with federal and state laws, regulations, and policies, which govern the designation and protection of candidate, threatened and endangered species and protection of sensitive habitats such as wetlands. Additionally, Morgan Hill's Tree Protection Ordinance provides for protection of trees through its permit review and replacement requirements. The GP MEIR identified no potentially significant impacts and no mitigation measures were required for adoption of the General Plan, and likewise there are none required for the Redevelopment Plan Amendment.

Cultural Resources

There are a limited number of recorded and potential archaeological resources along non-channelized creek beds in areas east and west of the Amended Project Area. Locally and/or nationally designated

historical resources occur in and surrounding the Amended Project Area, with numerous historical structures located within the Downtown area. As part of the City's development approval process, all development projects are required to comply with CEQA, including review of site-specific archeological, pale ontological, historical or cultural resources if appropriate.

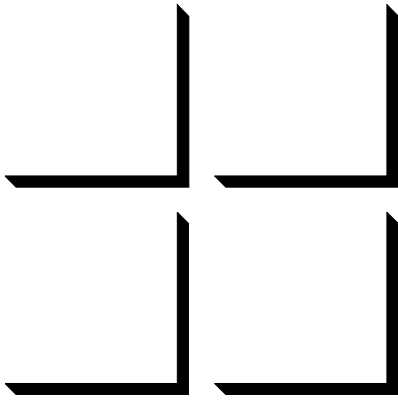
Hazards

The General Plan contains goals, policies and actions related to fire hazards, hazardous materials and wastes, and health hazards (water quality). The GP MEIR noted that hazardous substances are extensively regulated by federal, state, regional and local regulations, with the major objective of protecting public health and the environment. In general, these regulations provide definitions of hazardous substances; establish reporting requirements; regulate the handling, storage, transport, remediation and disposal of hazardous substances; and require health and safety provisions for both workers and the public.

The GP MEIR determined that existing laws and regulations, combined with the goals and policies of the General Plan, would mitigate any potential impacts to a less than significant level. No mitigation measures related to hazards were required for adoption of the General Plan, and likewise there are none required for the Redevelopment Plan Amendment.

Aesthetics

General Plan Goal 12 calls for "A visually attractive urban environment". The General Plan contains 9 policies and 3 actions related to this goal. The City's zoning ordinance requires Architectural and Site Review approval for all development with the exception of single family homes on an existing lots (single family homes as part of developing subdivisions do receive architectural review). As part of the city's standard practice, any future projects assisted by the Redevelopment Agency must receive approval of a design permit. Aesthetics of the Project Area thereby improve as development occurs.



5.0 *EXISTING CONDITIONS, IMPACTS AND MITIGATION MEASURES*

This Chapter describes the existing conditions, potential significant adverse impacts and mitigation measures related to the Project. Specifically, this Section focuses on the discussion of following environmental topics for which the General Plan Master EIR or this EIR has determined there is the potential for significant environmental effects:

1. Land Use, Population and Housing
2. Traffic – Increased vehicle trips or traffic congestion.
3. Public Services – Need for new or altered fire or police protection services.
4. Utilities – Need for new systems or supplies, or substantial alterations to the following utilities:
 - Local or regional water supplies
 - Local or regional water treatment or distribution facilities
 - Gas, electric and communications
 - Storm water drainage
 - Sewer or septic tanks
 - Solid waste disposal
5. Air Quality
6. Cultural Resources
7. Noise

Each environmental factor is discussed separately under its own section. Each discussion begins with a description of the existing conditions of the Amended Project Area relative to the specific

environmental factor. This background information is critical to accurately assess the Project's impacts.

Next, there is discussion of the relationship to the General Plan Master EIR and whether that first tier EIR adequately addressed the effect in that effects were mitigated as a result of that prior EIR and findings previously adopted thereto.

Next, the threshold of significance used to measure potential Project impacts is identified for those effects that have not already been adequately addressed by the General Plan Master EIR. Thresholds of significance are based on the CEQA Guidelines, information provided by the Project Initial Study (Appendix A), the City of Morgan Hill General Plan and other regulatory requirements as appropriate.

The potentially significant environmental impacts of adopting and implementing the Plan Amendment are then discussed and evaluated against the threshold of significance. For each significant impact, appropriate mitigation measures are presented. Any significant impact that cannot be fully mitigated is identified and discussed.

5.1 LAND USE, POPULATION & HOUSING

This section of the EIR summarizes the findings of the General Plan Master EIR related to land use, population and housing. The City of Morgan Hill General Plan was adopted in July 2001. The City certified a General Plan Master EIR ("GP MEIR") in July 2001 prior to adoption of the General Plan. The GP MEIR was prepared in accordance with the requirements of Section 21157 of the Public Resources Code (CEQA), with the intention of providing for substantial reduction of the environmental review of subsequent projects that are consistent with the General Plan. This Program EIR for the Redevelopment Plan Amendment project is being tiered from the GP Master EIR.

The General Plan project evaluated by the GP MEIR was described as the "principal policy document for guiding future conservation and development of the City", addressing a timeframe of approximately 20 years (the General Plan traffic study analyzed growth and development through the year 2025), and covering "the incorporated area of the City (which included the Redevelopment Project Area) and the City's Sphere of Influence". The GP MEIR notes that "within the Sphere of Influence lies the city's Urban Growth Boundary where urban land use patterns are anticipated, and the Urban Services Area where the City expects to provide essential services, such as water, sewer and law enforcement in the near term". The General Plan project evaluated by the GP MEIR was described as the city's "constitution" for land use and community development, which would

provide the legal foundation for zoning, subdivision and public facilities ordinances, decisions and projects which were consistent with the General Plan. The Redevelopment Plan Amendment is consistent with the General Plan and requires any projects or activities to be undertaken by the Agency to be consistent with the General Plan. The General Plan's summary of land use designations by acreage reflects total acreage within the city's Sphere of Influence, and the General Plan is a policy document that establishes land use designations and policies for the whole of the area within the city's Sphere of Influence, including the Redevelopment Amended Project Area.

Build out projections used to determine impacts from the General Plan were based on the development intensities allowed by the corresponding zoning. The assumptions regarding the build out of the General Plan included continuation of the Residential Development Control System (RDCS). The RDCS limits the number of new homes approved each year to an average of 250 units, and directs that the City shall not apply to LAFCO to expand the city's Urban Service Area (except for "desirable infill") until less than a five-year supply of buildable residential land remains, nor shall the City grant new extensions of urban services for residences beyond the Urban Services Area. The GP MEIR determines that potential environmental effects from population, employment and housing are mitigated by the city's RDCS.

The General Plan contains policies that recommend the use of buffers and other mitigation measures between residential, industrial and agricultural uses. Given the General Plan policies to mitigate for potential incompatibility between neighboring land uses, conflicts between land uses were not anticipated by the GP MEIR, with the implementation of such policies and with implementation of certain noise and air mitigation measures that applied to certain specific sites. The Redevelopment Plan and redevelopment projects and activities are and will be consistent with the General Plan.

The General Plan call for continuation of agriculture at the outskirts of the city's Sphere of Influence. The total land area within the city's Sphere is 17,527 acres. The Rural County designation covers 8,063 acres and the Parks/Open Space designation covers 2,493 acres, for a total of 10,556 acres. Agricultural uses are consistent with the Rural County land use designation. Urban land use designations (residential, commercial, industrial, public facilities) cover the remaining 6,971 acres. The GP MEIR noted that ABAG employment projections for the "agriculture and mining" sector showed a job decline between 1995 and 2020 of 100 jobs (shifting from 830 jobs to 730 jobs). There is no "Agricultural" land use designation within the Morgan Hill General Plan or on the General Plan Land Use Diagram,

and eventual conversion of agricultural lands that have urban land use designations was considered a less than significant impact by the General Plan Master EIR. Only 2% of the lands within the Amended Project Area could be characterized as being in agricultural use, and the eventual conversion of those lands in accordance with the General Plan is not considered a significant impact.

5.2 TRAFFIC

This section of the EIR summarizes vehicular traffic conditions in the Amended Project Area and examines how implementation of the Redevelopment Project Amendment could impact vehicular traffic flows. Where appropriate, mitigation measures are discussed. Primary data for this section are drawn from the City General Plan, General Plan EIR and available traffic studies in and around the Amended Project Area provided by City Community Development staff.

5.2.1 Existing Conditions

Vehicular systems within and adjacent to the Amended Project Area include highways, streets, bus and rail.

Roadways

The vehicular circulation system in the City and Amended Project Area is anchored by United States Highway 101, which runs approximately north/south and lies directly east of the Amended Project Area. To the north, Highway 101 extends through the cities of San José and San Francisco; and to the south, it extends through the cities of Gilroy and Salinas. Highway 101 is a six-lane freeway (three mixed flow lanes in each direction) in the vicinity of the Amended Project Area. Interchanges at Cochrane Road, Dunne Avenue and Tennant Avenue provide direct access to the Amended Project Area.

Primary arterial roadways serving the Amended Project Area include:

- Monterey Road, which provides regional access to the cities of Gilroy and San José and local access within the City of Morgan Hill. North of Cochrane Road, Monterey Road is four lanes wide. Within Morgan Hill, Monterey Road is a four-lane arterial with on-street parking and left-turn lanes at intersections.
- Cochrane Road, which is a four-lane, divided arterial that extends eastward from its intersection with Monterey Road through a partial-cloverleaf interchange at U.S. Highway 101. East of U.S. Highway 101, Cochrane Road is a two-lane road that extends eastward to Anderson Reservoir and then southward to its terminus at the Main Street/Liberata Drive intersection.
- Main Avenue, which is a two-lane, arterial roadway that intersects Monterey Road and extends eastward over U.S. Highway 101. East of U.S. Highway 101, Main Avenue

becomes a two-lane road that intersects Condit Road and Elm Street.

- Dunne Avenue, which is a four-lane divided arterial that intersects Monterey Road, Butterfield Boulevard, Condit Road, and Hill Road. Dunne Avenue includes a partial cloverleaf interchange with U.S. Highway 101, and east of U.S. Highway 101, Dunne Avenue becomes a two-lane roadway at Hill Road.
- Tennant Avenue, which is a four-lane, divided east-west arterial between Monterey Road and U.S. Highway 101. East of U.S. Highway 101, Tennant Avenue is a two-lane rural road that extends eastward and intersects Condit Road.

Traffic Levels of Service

To measure the level of traffic service on roadways, the City of Morgan Hill assigns a level of service (LOS) rating based upon average daily peak hour vehicular trips and the capacity of the roadway. Circulation policies of the General Plan identify peak hour intersection operations of LOS "E" or better at freeway ramp intersections or at LOS "D+" or better at any City intersections as generally acceptable.

LOS is a quantitative measurement of the effect of various factors on traffic operating conditions, including travel speed, travel time, delay, freedom to maneuver, safety, driving comfort, and convenience. LOS is measured on a qualitative scale ranging from LOS A (the best) to LOS F (the worst). Definitions of levels of service are:

LOS "A" represents free flow. Individual users are virtually unaffected by the presence of others in the traffic stream.

LOS "B" is in the range of stable flow, but the presence of other users in the traffic stream begins to be noticeable. Freedom to select desired speeds is relatively unaffected, but there is a slight decline in the freedom to maneuver.

LOS "C" is in the range of stable flow, but marks the beginning of the range of flow in which the operation of individual users becomes significantly affected by interactions with others in the traffic stream.

LOS "D" represents high-density but stable flow. Speed and freedom to maneuver are severely restricted, and the driver experiences a generally poor level of comfort and convenience.

LOS "E" represents operating conditions at or near the capacity level. All speeds are reduced to a low, but relatively uniform value. Small increases in flow will cause breakdowns in traffic movement.

LOS "F" is used to define forced or breakdown flow. This condition exists wherever the amount of traffic approaching a point exceeds

the amount which can traverse the point. Queues form behind such locations.

Based on information in the City General Plan EIR and more recent traffic analyses provided by Agency staff, all Amended Project Area intersections currently operate at LOS D+ or better. Consequently, no existing traffic deficiencies are identified in the Amended Project Area.

However, as noted in the Draft Preliminary Report, traffic and circulation problems occur in the Amended Project Area. These conditions are caused by lack of traffic control facilities and street improvements, missing sidewalks, and inadequate parking facilities.

Transit

Public transit serving the City of Morgan Hill includes bus service and rail. Bus service is provided by the Santa Clara Valley Transportation Authority (VTA), which operates both local and express bus routes in the Project vicinity. Commuter rail service is provided by CalTrain, which provides service between San José and San Francisco and Morgan Hill and Gilroy.

5.2.2 Thresholds for Determining Significance

A significant impact to traffic is defined for the purposes of this analysis as one that conflicts with the LOS policies of the General Plan:

- Result in peak hour intersection operations below LOS "E" at freeway ramp intersections
- Result in peak hour intersection operations below LOS "D+" at City intersections.

5.2.3 Potential Impacts

The Plan Amendment is expected to facilitate build-out of the Amended Project Area in conformance with the General Plan. Future increases in traffic volumes that may occur in the Amendment Project Area will result from development already considered by the General Plan EIR, and cumulative traffic from surrounding areas.

Similarly, all Amended Project Area streets are expected to be built-out to the ultimate capacity as indicated in the General Plan and other City capital improvement plans. In other words, the future 2025 LOS calculations are calculated using a traffic model which assumes that street and highway improvements have been constructed in accordance with the circulation system planned by the Circulation Element of the General Plan (including widening of Highway 101 to 8 lanes), to accommodate anticipated development in accordance with the General Plan. The City of Morgan Hill General Plan, General Plan Master EIR, and EIR Transportation Analysis, which have been

incorporated by reference into this Plan Amendment EIR, should be consulted for a more extensive description of the planned improvements and citywide traffic conditions.

The GP MEIR analyzed the General Plan Circulation Element goals, policies, actions and planned capital improvement projects for the term of the General Plan, and identified no potentially significant impacts. The City of Morgan Hill charges transportation impact fees for projects and uses to fund transportation improvement projects, along with grants and other transportation-related revenues.

As listed in Table 2, above, potential projects and activities that may be funded through the Plan Amendment include street improvements already planned consistent with the General Plan circulation policies and/or other City capital improvement plans. The Plan Amendment will provide an additional funding source that may be used to support planned street improvements. These may include, but are not limited to the following:

- Madrone/Monterey Improvements
- Dunne Grade Separation
- Butterfield Extension (s/o Tennant), Possible Widening, and Grade Separation
- Tennant Ave. Widening
- Tennant Ave. Overcrossing Expansion
- San Pedro/Spring Realignment
- Street Construction/Reconstruction
- Median Construction: Monterey & Cochrane
- Watsonville Road Improvements
- Traffic Signals
- Undergrounding Monterey Road Utilities
- Other Utility Undergrounding
- Sidewalk Construction
- Other Street Improvements & Extensions

In addition to use of redevelopment funds to assist with implementation of planned street improvements, development impact fees, transportation funds and general funds may also be applied towards these planned street improvements.

Projected year 2025 levels of service at Project Area intersections, as analyzed by the 2001 General Plan Master EIR Traffic Study and as supplemented by other recent traffic studies (Cochrane Road Planned Unit Development Final EIR dated October 2005) is shown by the following chart:

General Plan (2025) Build Out PM Peak Hour Level of Service Calculations for Critical Study Intersections

Intersection	Type of Control	Projected 2025 General Plan Build Out Level of Service
Monterey Rd./Burnett Ave.	Signal	B+
Monterey Rd./Peebles Ave.	1 way stop	A
Monterey Rd./Cochrane Ave.	Signal	D+ ¹
Butterfield Blvd./Cochrane Rd.	Signal	C- ¹
Monterey Rd./Old Monterey Rd.	1 way stop	C
Monterey Rd./Maine Avenue	Signal	C
Butterfield Rd./Main Ave.	1 way stop	B-
Monterey Rd./Dunne Ave.	Signal	D+ ²
Butterfield Blvd./Dunne Ave.	Signal	D+ ²
Walnut Grove Dr./Dunne Ave.	Signal	C- ²
Highway 101 SB Ramps/Dunne Ave.	Signal	C ²
Monterey Rd./Tenant Ave.	Signal	C
Monterey Rd./Vineyard Blvd.	Signal	C

SOURCE: GENERAL PLAN MASTER EIR TRAFFIC REPORT, UNLESS AS FOOTNOTED

¹ Draft Transportation Impact Report – Cochrane Road PUD. Fehr & Peers Transportation Consultants (July 2005)

² Draft Transportation Impact Analyses – Morgan Hill Trader Joes. Fehr & Peers Transportation Consultants (April 2006)

The EIR for the Cochrane Road PUD identified a significant impact to the Butterfield Boulevard/Cochrane Road intersection associated with General Plan Build Out (2025). The impact was mitigated through an intersection improvement that will provide two left turn lanes, two through lanes, and one right turn lane on the northbound approach and an eastbound free right turn lane. With these lane modifications, the intersection is expected to operate at LOS C- during the PM peak hour.

Conclusion: Implementation of the Plan Amendment is not expected to change land use or generate new sources of traffic from that already anticipated in the General Plan. It will not alter existing City or regionally adopted circulation plans or policies.

The Plan Amendment is expected to generate a new source of funding to assist with City construction of planned street improvements. Consequently, adoption and implementation of the Plan Amendment is not expected to diminish projected levels of service at project area intersections. The Plan Amendment will not result in significant traffic impacts, either directly, indirectly or cumulatively.

As actual projects are proposed to be undertaken or assisted by the Redevelopment Agency, these will be subject to CEQA review, which may include additional traffic studies to ensure that potentially significant traffic impacts do not occur, or to identify and impose necessary mitigation measures.

It is important to indicate that there may be a timing factor with respect to when planned street and highway projects are actually constructed. While the widening of Highway 101 to 8 lanes is a project included in the Regional Transportation Improvement Plan, it is possible that State funding will not be available at a time that exactly matches when the project is needed. If the highway is not widened, that could lead to levels of service on the Highway and at Project Area and city intersections that do not meet city standards. At this writing, it would be speculative to assume that the State Regional Transportation Improvement Plan would not be implemented as adopted. Therefore, this EIR, as did the General Plan Master EIR, projects that level of service on Highway 101 will be adequate and meet city standards for the planning period of this Amended Redevelopment Plan.

It is also relevant to note that the County of Santa Clara, City of San Jose, City of Morgan Hill, City of Gilroy and the Valley Transportation Agency (VTA) are currently collaborating on preparation of a VTA South County Circulation Study, which is evaluating regional transportation for the year 2030. This process is expected to be complete by June 2007, and is expected to present a prioritized list of necessary regional and significant local transportation improvements. It is possible that the Study process may explore the concept of a regional transportation impact fee.

In order to support efforts to improve regional transportation facilities so that regional traffic impacts are not significant, the following mitigation measure is recommended:

Mitigation Measure #1: The Redevelopment Agency shall be supportive of mechanisms that would establish a regional approach to ensuring that development projects are required to fund appropriate fair shares of the cost of improvements to mitigate traffic impacts on regional transportation facilities.

The “timing of construction” factor could also affect levels of service at affected intersections within or near the Project Area. If planned street improvements are not constructed at times that are appropriate to accommodate growth and development, then there could be periods during which levels of service fall below city standards. To the extent that implementation of the Amended Redevelopment Plan results in accelerating the pace of growth and development in the Project Area and/or City, the potential that needed road improvements will not yet be constructed increases. For this reason, the following mitigation measure is recommended:

Mitigation Measure #2: Approximately every 5 years, prior to adoption of the Agency’s Implementation Plan, the Agency shall participate in and fund (if funding is needed) completion of a city-wide Transportation Impact Analysis in order to provide information appropriate for updates to the City’s and Agency’s schedule for funding and implementing transportation improvements. The Agency shall assist, as feasible, with funding improvements within the Project Area or of primary benefit to the Project Area, so that improvements are completed in a timely manner that accommodates growth and development.

5.2.4 Findings With implementation of the above mitigation measures, no unavoidable adverse impacts relative to traffic are expected.

5.3 PUBLIC SERVICES

This section addresses potential impacts regarding public services in the Amended Project Area, specifically related to fire protection and police protection. Existing conditions, potential impacts and, where appropriate, mitigation measures for these services are discussed. Primary data for this section are drawn from the City General Plan, General Plan EIR and available environmental studies in and around the Amended Project Area provided by City Community Development staff. The General Plan contains goals, policies and actions related to fire protection, police protection, schools, public facilities and road, and other governmental services. The GP MEIR evaluated the General Plan with respect to potential impacts on these public facilities and services. The GP MEIR noted that the standards of the Uniform Fire Code help to ensure that water fire flows are adequate, that roads are of adequate width to provide emergency access, and that clearances around structures are of adequate width. In addition, fire sprinkler requirements mitigate potential fire hazards. There were no potentially significant impacts identified for any of the identified public facilities and services, and no mitigation measures

were required for adoption of the General Plan, and likewise there are none required for the Redevelopment Plan Amendment.

5.3.1
Existing Conditions
FIRE PROTECTION

Fire protection service to Morgan Hill, inclusive of the Amended Project Area, is provided by Santa Clara County Fire Department under contract to the City. Services include fire suppression, emergency medical response, and fire plan-check services. Countywide, the Fire Department is staffed with approximately 265 employees. It operates from 16 fire stations, and is equipped with more than 100 vehicles.

Within Morgan Hill, the County operates two stations: the El Toro Station located at 18300 Old Monterey Road; and the Dunne-Hill Station located at 2100 E. Dunne Avenue. The El Toro Station is staffed by three on-duty firefighters and is equipped with an engine, brush/patrol truck, battalion vehicle (command center), a reserve engine, and an aerial truck. The Dunne-Hill station is staffed by three on-duty firefighters, and is equipped with an engine and patrol truck.

The two Morgan Hill stations respond to approximately 1,787 calls per year. They are assisted by the California Department of Forestry and Fire Protection under a mutual aid agreement with the City. Because of recent and expected growth in the Morgan Hill community, the Fire Department expects that increased staffing and the construction of a third station may be needed.

The Uniform Fire Code sets standards regarding water fire flows, fire sprinklers and emergency egress. All new and redeveloped structures in the City are required to comply with these Code standards. In addition, to help off-set the fire protection costs associated with new development, the City collects development impact fees, a portion of which are earmarked toward Fire Department facilities and services.

POLICE PROTECTION

Police protection service to Morgan Hill, inclusive of the Amended Project Area, is provided by the City of Morgan Hill Police Department. Public safety services provided include patrol, traffic safety, crime investigation, community crime prevention, anti-gang enforcement, animal control, and plan-check services. Citywide, the Police Department is staffed with 33 sworn police officers, 20 full-time and five part-time civilian employees, and five volunteer police officers. It operates from a central station located at 16200 Vineyard Boulevard. This police station was constructed in 2004 to respond to recent and expected growth in the Morgan Hill community.

Estimates of City police services indicate that there are currently approximately 0.85 sworn officers for every 1000 residents. Average response times vary between five minutes for emergency calls to 27 minutes for non-emergency calls. Average calls for service are over 30,000 per year. To help off-set the police protection facility costs associated with new development, the City collects police impact fees which are earmarked toward Police Department facilities.

**5.3.2
Threshold for
Determining Significance**

In accordance with CEQA Guidelines Appendix G and City environmental standards, significant impacts to fire or police protection services are those that will substantially reduce the current or planned level of protection, or require substantial improvements to fire safety or police facilities. These are the criteria used in this section to determine significant impacts relative to fire and police protection services.

**5.3.3
Potential Impacts

FIRE PROTECTION**

Implementation of the Plan Amendment will stimulate new development and rehabilitation of older structures. New and rehabilitated construction projects will be required to comply with recent fire code provisions, including installation of smoke alarms, fire sprinklers and/or use of the latest approved fire retardant/resistant materials. Construction activities that include these improvements will help to reduce both the current and further demand on fire protection services for the Amended Project Area. In addition, the Draft Preliminary Report identifies fire station facilities as a candidate improvement for Agency funds. Consequently, implementation of the Project is expected to benefit fire protection services in the Amended Project Area.

The Redevelopment Plan Amendment is consistent with the General Plan and will not increase the amount or density of development already planned by the City. Similarly, implementation of the Plan Amendment will not increase the need for fire protection services over that already anticipated in the General Plan.

Conclusion: The Project would not substantially reduce the current or planned level of protection, or require substantial improvements to fire safety facilities, either directly, indirectly or cumulatively.

POLICE PROTECTION

The Redevelopment Project Amendment is expected to alleviate blight. New and rehabilitated developments will incorporate better building design, lighting, security hardware, location, visibility and landscape treatments than currently exists without redevelopment. These improvements, in turn, will enhance public safety and potentially result in fewer calls for police protection services than would result without redevelopment.

The Redevelopment Plan Amendment is consistent with the General Plan and will not increase the amount or density of development over that already planned by the City. Similarly, implementation of the Plan Amendment will not increase the need for police services over that already anticipated in the General Plan.

Conclusion: Police Department facilities or response times are not expected to be adversely impacted by Project implementation. No potential adverse impacts to police services are expected to result from the Project, either directly, indirectly or cumulatively.

5.3.4 No mitigation measures are required.
Mitigation Measures

5.3.5 No significant adverse impacts relative to fire or police protection
Findings services are expected to occur as a result of Project implementation.

5.4 This section addresses potential impacts regarding utilities in the
UTILITIES Amended Project Area, specifically related to: potable water, wastewater, gas, electric, communications, storm drain facilities, and solid waste. Primary data for this section is drawn from the City General Plan, General Plan EIR and available environmental studies in and around the Amended Project Area provided by City Community Development staff.

5.4.1 Potable water service to City is provided by the City of Morgan Hill.
Existing Conditions Its primary source of potable water is from 15 groundwater wells. This water is distributed through a system that includes 10 storage tanks, 10 booster stations and over 160 miles of pressured pipes, ranging from two to 24 inches in diameter. Current municipal potable water capacity is approximately 14.0 million gallons a day (mgd).
WATER

According to the *City of Morgan Hill Water System Master Plan*, there is sufficient groundwater capacity to meet current and future water requirements through the planning horizon of 2020. The Santa Clara Valley Water District *Groundwater Management Plan* (SCVWD 2001) found groundwater conditions throughout Santa Clara County to be “generally very good,” as based on results of its groundwater monitoring programs.

The City water distribution system is adequate to meet current needs, and is extended as needed to accommodate development, either by developers or by the City using impact fees or other available funding sources.

WASTEWATER

Wastewater service to City is provided by the City of Morgan Hill. Its sewer collection system consists of approximately 135 miles of 6 to 30 inch diameter sewer lines, 15 sewage lift stations and associated force mains. Collected wastewater is sent southward to the South County Regional Wastewater Treatment Plant (WWTP), which is jointly owned by the cities of Gilroy and Morgan Hill. The WWTP provides secondary treatment and partial tertiary treatment for wastewater. Most of the treated effluent is discharged into percolation ponds where it seeps into the upper groundwater table at the south end of the Santa Clara Valley.

According to the *City of Morgan Hill Sewer System Master Plan*, the WWTP currently has capacity of 7.5 million gallons per day (mgd), with Morgan Hill holding a dedicated share equal to 42 percent of the plant's capacity, or 3.15 mgd. WWTP has plans to expand its total capacity to 12.75 mgd, with Morgan Hill's share of capacity rising to 5.36 mgd. Design work for the new facility will begin in fiscal year 2008/2009 and should be completed by 2011/12. Funding is available from impact fees and other sources.

GAS, ELECTRIC, COMMUNICATIONS

Natural gas and electric services to the City is provided by Pacific Gas & Electric (PG&E) Company. Telecommunications services to the City are provided by SBC Communications, with a smaller number contracting with Verizon Communications. Cable television services are provided by Charter Communications.

STORM DRAINAGE

According to the General Plan EIR, the Amended Project Area lies within an area that is split between the Coyote Creek watershed and the LLAGas Watershed, with the demarcation being Cochrane Avenue. Coyote Creek is located about 10,000 feet to the north, and flows in a general northwesterly direction to San Francisco Bay about 25 miles downstream. The channel is owned and operated by the Santa Clara Valley Water District (SCVWD). Drainage within the LLAGas Watershed flows to LLAGas Creek, which joins the Pajaro River to the south and ultimately drains to the Monterey Bay.

The City's storm drainage system consists of a combination of curb and gutter facilities, curb inlets, underground pipelines, retention and detention basins, open channels, and bubblers draining to the nearest creek or to manmade natural retention areas. The City's storm

drainage system is adequate to meet current needs. To meet future needs, the City continues to expand its storm drainage facilities projects in conjunction with new development.

SOLID WASTE

Solid waste services to the City are provided by South Valley Disposal and Recycling (SVDR). These services include solid waste management and recycling. Collected waste is currently transported to San Martin Transfer Station. Recyclables such as paper, cardboard, cans, bottles and metal are diverted to various processing facilities. The remainder of the solid waste is transported to Pacheco Pass Landfill, which opened in the early 1960s and serves approximately 75,000 people in the cities of Morgan Hill and Gilroy and the South Santa Clara County area.

According to the California Integrated Waste Management Board, in the year 2000 the landfill received approximately 90,379 tons of solid waste, with 29,003 tons of that originating in the City of Morgan Hill. Current remaining capacity at the landfill is approximately 3.2 million cubic yards, with a daily limit of 1,000 tons per day. Alternative landfill facilities with capacity to serve future Morgan Hill solid waste needs include the Kirby Creek Landfill in south San José or the BFI landfill in the City of Milpitas.

5.4.2 Threshold of Significance

In accordance with CEQA Guidelines Appendix G and City environmental standards, significant impacts to utilities are those that would result in a substantial need for new systems or supplies, or substantial alterations to the existing utilities.

5.4.3 Potential Impacts

UTILITIES

Implementation of the Plan Amendment will stimulate new development and rehabilitation of older structures. New and rehabilitated construction projects will be required to comply with City utility requirements including those related to water supply and distribution, wastewater collection, gas, electric and communications, storm drainage and solid waste.

The Redevelopment Plan Amendment is consistent with the General Plan and will not increase the amount or density of development already planned by the City through its General Plan. Similarly, implementation of the Plan Amendment will not increase the need for water supply and distribution, wastewater collection, gas, electric and communications, storm drainage or solid waste utilities over that already anticipated in the General Plan.

The GP MEIR evaluated drainage, floodwater hazard, surface and groundwater water quality, groundwater supply and public water supply, and identified the following potentially significant impacts, and corresponding mitigation measures:

INFRA-1 IMPACT: Continued reliance on groundwater as the city's sole supply could potentially constrain growth in accordance with the General Plan.

INFRA-1 MITIGATION MEASURE: The City should encourage all South County groundwater users to undertake a cooperative study of the Llagas groundwater basin in an attempt to quantify its long term capacity and suitability for potable use. This information would be used to plan any feasible expansions of the SCVWD recharge program and to determine whether Morgan Hill and other South County jurisdictions may ultimately have to secure a surface water supply to supplement local groundwater.

The Santa Clara Valley Water District (SCVWD) prepared an Integrated Water Resources Planning document in 2003 (IWRP 2003), which provides a framework for evaluating and making decisions on future water supply. The IWRP analysis showed that additional recharge and conservation can meet possible future shortages more economically, can allow for better utilization of the groundwater basin, and can provide more reliability than a surface water treatment plant. Additionally, the SCVWD prepared an Urban Water Management Plan (UWMP) water demand analysis for the Llagas Groundwater Sub basin. That Plan found that there will not be a significant change in demand over the next 25 years. Manufacturing and industrial demands will increase, but agricultural demands will decrease, and there will be a significant increase in water conservation. The UWMP found that existing water supplies appear to be reliable to meet demands during normal and wet years, now and in the future. However, current analysis indicates that the sub basin could experience overdraft following dry and multiple dry years. Maximizing water conservation efforts, expanding recycled water use, and investing in additional recharge, consistent with the IWRP 2003 recommendations, should avoid overdraft. Currently, the SCVWD, County of Santa Clara, and cities of Gilroy and Morgan Hill have initiated a collaborative water supply planning project, which calls for completion of a South County/LLagas Sub basin Water Supply Plan by mid-2008. These activities document compliance with the above GP MEIR mitigation measure, and it is not necessary to impose this measure on the Redevelopment Plan Amendment Project.

INFRA-2 IMPACT: Continued growth and development in Morgan Hill will require additional water storage capacity to maintain adequate levels of fire protection and emergency reserves.

INFRA-2 MITIGATION MEASURE: The City should define a standard and commit to meeting such a standard for water storage or emergency supply capacity, both in the aggregate and within individual pressure zones.

The City of Morgan Hill adopted an updated Water System Master Plan in 2002, and developed additional water storage capacity at the Boys Ranch since the time of the GP MEIR. Use of the certified General Plan Master EIR as the “first tier” from which this EIR is prepared, requires that the lead agency determine whether significant environmental effects have already been adequately addressed. In this EIR, then, the City of Morgan Hill analyzes and determines whether it would be appropriate to incorporate each GP MEIR mitigation measure into the Redevelopment Plan Amendment Project.

The above mitigation measures are being carried out by the City of Morgan Hill on a citywide basis, and it is not necessary to require these measures for adoption of the Redevelopment Plan Amendment, which is consistent with the General Plan. Growth and development of the Amended Project Area was anticipated by the General Plan and evaluated in the GP MEIR, therefore the city’s and Agency’s activities which are implementing the above mitigation measures for projects and activities are achieving compliance and there is no need to again apply the measures to the Redevelopment Plan Amendment Project.

INFRA-3 IMPACT: Infiltration and inflow into the city’s wastewater collection system will become a more significant problem if the difficulties associated with increasing disposal capacity begin to constrain growth of total treatment capacity.

INFRA-3 MITIGATION MEASURE: The General Plan should acknowledge the need for inflow and infiltration control and commit to a long term program of inflow and infiltration reduction.

The City of Morgan Hill adopted a Sewer System Master Plan in 2002, and continues to undertake efforts and projects to address infiltration and inflow.

INFRA-4 IMPACT: It is expected that proposed General Plan land use changes will increase total wastewater production within the City’s sewer service area. This will increase the volume of wastewater that must be transported to the SCRAW treatment plant, as well as increase and/or redistribute flows within specific segments of the city’s collection system. Based on the proposed mix of residential and non-residential land uses, and on previously cited average wastewater flow rates, it is roughly estimated that total average dry weather flows would increase by 0.41 mgd at build-out. It cannot be determined if this increase would have a significant impact on the WWTP, or how

the new flows would be distributed within the collection system. General Plan Action 20.1 recommends that the Sewer Master Plan be updated to incorporate these land use changes and recommend appropriate infrastructure upgrades and extensions, but previous versions of the plan only addressed the wastewater collection system, with no examination of associated treatment issues.

INFRA-4 MITIGATION MEASURE: The City should coordinate its wastewater studies with SCRAW to ensure that all wastewater treatment capacity requirements associated with implementation of the General Plan, increases in transient capacity through Gilroy, as well as anticipated timetables for implementation, are incorporated into plans for the expansion of regional wastewater treatment and disposal facilities.

The South County Wastewater Treatment Plant (WWTP) is operated by the South County Regional Wastewater Authority (SCRWA), which is a joint powers authority overseen by the cities of Morgan Hill and Gilroy. The City Public Works Department actively participates in SCRWA planning, operation and decision-making activities. Plans for appropriate and timely expansion of treatment and disposal facilities have been developed and are implemented on a citywide basis.

INFRA-5 IMPACT: The General Plan calls for management of land development to minimize the need for local funding of additional flood control facilities beyond those “now being constructed” to protect areas already developed or planned for development. The City currently has several regional storm water detention facilities planned or under design, and it is expected that the proposed 225 acre expansion of commercial and industrial land uses throughout the city would increase the required capacity (and associated cost) of these facilities. In addition, this expansion could also increase the needed flow capacities within local drainage channels and downstream PL-566 project improvements.

INFRA-5 MITIGATION MEASURE: As part of the update of the Drainage Master Plan, the City should conduct a study to determine how much additional runoff would be generated by development of new commercial and industrial areas, identify the resulting impacts on both local and downstream PL-566 facilities, and recommend mitigation measures needed to reduce the impacts to a less than significant level.

Use of the certified General Plan Master EIR as the “first tier” from which this EIR is prepared, requires that the lead agency determine whether significant environmental effects have already been adequately addressed. In this EIR, then, the City of Morgan Hill analyzes and determines whether it would be appropriate to

incorporate each GP MEIR mitigation measure into the Redevelopment Plan Amendment Project.

The above Infrastructure mitigation measures are being carried out by the City of Morgan Hill on a citywide basis, and it is not necessary to require these measures for the Redevelopment Plan Amendment Project. Growth and development of the Amended Project Area was anticipated by the General Plan and evaluated in the GP MEIR, therefore the city's activities which are implementing the above mitigation measures are achieving compliance and there is no need to again apply the measures to the Redevelopment Plan Amendment.

As indicated in Table 2, above, the Draft Preliminary Report identifies water, sewer and storm drainage facilities as candidate improvements for Agency funds. Consequently, implementation of the Project is expected to benefit the City's potable water, wastewater and storm drainage systems.

Conclusion: The Project would not result in a substantial need for new water supply and distribution, wastewater collection, gas, electric and communications, storm drainage or solid waste systems, or substantial alterations to the existing systems, either directly, indirectly or cumulatively.

5.4.4
Mitigation Measures

No mitigation measures are required.

5.4.5
Findings

No significant adverse impacts are anticipated.

5.5
AIR QUALITY

This section addresses potential impacts regarding air quality. The GP MEIR found that, although the population projections were within ABAG and regional plan projections, Vehicle Miles Traveled (VMT) was expected to increase faster than population, due to an expected increase in regional traffic traveling through Morgan Hill. Therefore, the following impact was determined to be an unavoidable significant impact:

AIR-1 IMPACT: During the planning period for the proposed General Plan Update, the rate of increase in VMT for Morgan Hill would be greater than the rate of increase in population. Implementation of all TCMs included in the Clean Air Plan could reduce this impact, but not to a less-than-significant level.

Use of the certified General Plan Master EIR as the “first tier” from which this EIR is prepared, requires that the lead agency determine whether significant environmental effects have already been adequately addressed. In this EIR, then, the City of Morgan Hill analyzes and determines whether it would be appropriate to incorporate each GP MEIR mitigation measure into the Redevelopment Plan Amendment Project.

Implementation of Transportation Control Measures included in the Clean Air Plan is being carried out by the City of Morgan Hill on a citywide basis. Growth and development of the Amended Project Area was anticipated by the General Plan and evaluated in the GP MEIR, therefore the city’s activities which are implementing Transportation Control Measures apply citywide, including within the Amended Project Area. As the Agency has no regulatory or implementation role with respect to TCMs or air quality, there is no need to impose any air quality mitigation measure in conjunction with the Redevelopment Plan Amendment Project.

**5.7.4
Mitigation Measures**

There is no feasible mitigation measure to address Air Quality Impact AIR-1, that the rate of increase in VMT for Morgan Hill would be greater than the rate of increase in population. Implementation of all TCMs included in the Clean Air Plan could reduce this impact, but not to a less-than-significant level

**5.7.5
Findings**

Air Quality Impact AIR-1 is an unavoidable significant impact. The Agency would need to adopt a Statement of Overriding Considerations in conjunction with certifying this Program EIR and approving the Redevelopment Plan Amendment Project.

**5.6
CULTURAL
RESOURCES**

This section addresses potential impacts regarding cultural resources. The General Plan Conservation Element includes a goal and several policies related to preserving the city’s historic identity and cultural resources. The GP MEIR identified a potentially significant impact related to cultural resources, and required a mitigation measure, as described below:

CULT-1a IMPACT: Development under the General Plan could adversely impact undocumented historic properties, which are not protected by the proposed General Plan policy.

CULT-1a MITIGATION MEASURE: Until the historic resource inventory is updated as recommended by the General Plan, no building permit for alteration or demolition shall be approved for any

property over 45 years old. Buildings over 45 years old should be reviewed by a qualified architectural historian prior to project approval.

CULT-1b MITIGATION MEASURE: Where historical or archaeological artifacts are found, work in areas where remains or artifacts are found will be restricted or stopped until proper protocols are met.

- Work at the location of the find will halt immediately within 30 feet of the find. If an archaeologist is not present at the time of discovery, the City would contact an archaeologist for identification and CEQA evaluation.
- If the find is not significant, construction can continue. The archaeologist will prepare a brief informal memo/letter that describes and assesses the significance of the resource, including a discussion of the methods used to determine significance for the find.
- If the find appears significant, the archaeologist will determine if the resource can be avoided and will detail avoidance procedures.
- If the resource cannot be avoided, the archaeologist will develop within 48 hours an Action Plan to avoid or minimize impacts. The field crew will not proceed until the Action Plan is approved by the City.

Use of the certified General Plan Master EIR as the “first tier” from which this EIR is prepared, requires that the lead agency determine whether significant environmental effects have already been adequately addressed. In this EIR, then, the City of Morgan Hill analyzes and determines whether it would be appropriate to incorporate each GP MEIR mitigation measure into the Redevelopment Plan Amendment Project.

The Redevelopment Plan Amendment Project does not include any proposed development, any proposed construction of roadways or roadway widening, installation of new infrastructure, and/or construction of any new public facilities; and no cultural or prehistoric resource impacts are anticipated from the establishment and extension of redevelopment tools in accordance with the Redevelopment Plan Amendment. The above mitigation measures calls for historic documentation in conjunction with approval or implementation of projects that would affect or demolish historic resources; as well as citywide protocols for development sites where historical or archaeological artifacts are found. As the Redevelopment Plan Amendment project does not involve any proposed development, it is not necessary to impose these mitigation measures on

Redevelopment Plan Amendment Project. They apply citywide as standard procedures, and will apply to future projects that the Agency may pursue or assist.

The city is currently preparing a Historic Context Statement and will soon enter into a contract for update of the historic resources inventory. When development is proposed in the future that the Redevelopment Agency will assist, the City will carry out more detailed CEQA review relative to historic and prehistoric resources, based on the specific nature of the proposed development and uses.

5.7 NOISE

This section addresses potential impacts regarding noise

The General Plan contains goals, policies and actions related to noise standards and protection from noise. The growth and development of the Amended Project Area was anticipated by the General Plan and evaluated in the GP MEIR. The GP MEIR determined that the General Plan policies and actions would themselves mitigate potential noise impacts for future development, with the exception of the following impact:

NOISE-1 IMPACT: Development adjacent to the Union Pacific Railroad would expose vibration-sensitive receptors to excessive ground-borne vibration.

NOISE-1 MITIGATION MEASURE: When project-specific applications are made for buildings to be located within 100 feet of the railroad tracks, vibration studies shall be conducted during environmental review. Mitigations such as building setbacks or other vibration reduction treatments should be incorporated into the project design.

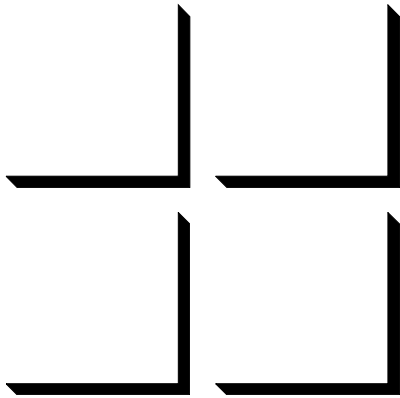
Use of the certified General Plan Master EIR as the “first tier” from which this EIR is prepared, requires that the lead agency determine whether significant environmental effects have already been adequately addressed. In this EIR, then, the City of Morgan Hill analyzes and determines whether it would be appropriate to incorporate each GP MEIR mitigation measure into the Redevelopment Plan Amendment Project.

In the case of this noise measure, a special vibration study is required to be submitted for projects located within 100 feet of the railroad tracks. In that it is most desirable for that study to be completed at such a time that site planning and architectural features may be incorporated into the project design, it is recommended that this measure be incorporated into this Program EIR, so that the Agency and Project Area applicants are made aware of this requirement prior to submittal of project applications. Additionally, subsequent CEQA

and project review processes for actual development projects and activities proposed to be assisted by the Redevelopment Agency will incorporate this measure and other noise attenuation measures as appropriate for the proposed project.

5.7.4 **Mitigation Measures** MITIGATION MEASURE #3: When project-specific applications are made for buildings to be located within 100 feet of the railroad tracks, vibration studies shall be conducted during environmental review. Mitigations such as building setbacks or other vibration reduction treatments should be incorporated into the project design.

5.7.5 **Findings** With implementation of the above mitigation measure, Noise impacts will be reduced to a less than significant level.



6.0 LONG-TERM IMPACTS SUMMARY

This Chapter summarizes long-term implications of the Project should it be implemented. Specifically, this Chapter discusses expected Project growth-inducing impacts, cumulative impacts, significant environmental impacts that cannot be avoided, and the significant irreversible environmental changes that would be caused by the proposed Plan Amendment Project.

6.1 GROWTH INDUCING IMPACTS

Pursuant to Section 15126.2 (d) of the CEQA Guidelines, growth-inducing impacts are the ways in which a proposed project could foster economic or population growth, or the construction of additional housing, either directly or indirectly, in the surrounding environment. Included in this are both direct and indirect growth-inducing impacts. Direct growth-inducing impacts occur when a project would remove obstacles to population growth. (A major expansion of a wastewater treatment plant or a new road into an undeveloped area might, for example, increase economic or population growth). These types of growth-inducing projects may tax existing community service facilities, requiring construction of new facilities that could cause significant environmental effects. Indirect growth-inducing impacts occur when a project encourages or facilitates other activities that could cause significant environmental effects. (A new residential subdivision in a previously undeveloped area might, for example, generate the need for new commercial development and subsequently new roads.)

As noted previously, growth expected to occur in the Amended Project Area will be as promulgated in the General Plan. The Plan Amendment Project is expected to generate new sources of funding to assist the City implement the General Plan consistent with regional plans. The Project will not result in substantial growth over levels already anticipated by the General Plan. Although 20% of

redevelopment tax increment revenues will be used to assist with affordable housing, the overall level or pace of housing construction will not be affected by the Redevelopment Plan. All new housing is subject to the city's Residential Development Control System, which is part of the city's General Plan and Zoning Ordinance.

6.2 CUMULATIVE IMPACTS SUMMARY

"Cumulative impacts" refers to two or more individual effects that, when considered together, compound or increase other environmental impacts. All existing and planned development in the vicinity of the Amended Project Area contributes to the cumulative impacts of implementing the Project.

CEQA Guidelines Section 15152(f)(2) regarding use of tiering, indicates that where a lead agency has determined that a cumulative effect has been adequately addressed in the prior EIR (in this case, the General Plan Master EIR), that effect is not treated as significant for purposes of the later EIR, and need not be discussed in detail.

As discussed in the body of this EIR, the proposed Project would stimulate rehabilitation and redevelopment of existing urban uses consistent with the General Plan. As reflects the long-term nature of the General Plan as well as the Amended Redevelopment Plan, which both have time horizons of the year 2025, the identified environmental effects could be classified as cumulative. The body of this EIR presents information related to the General Plan Master EIR findings regarding impacts and mitigations identified in the General Plan Master EIR for traffic, utilities, air quality, noise and cultural resources. This EIR has found that, with the exception of traffic and air quality, the identified impacts are already adequately addressed in conjunction with adoption of the General Plan mitigation measures, and it is not necessary to incorporate those mitigation measures for the Redevelopment Plan Amendment Project. The three measures that are being recommended, which can be characterized as cumulative mitigation measures, include:

Mitigation Measure #1: The Redevelopment Agency shall be supportive of mechanisms that would establish a regional approach to ensuring that development projects are required to fund appropriate fair shares of the cost of improvements to mitigate traffic impacts on regional transportation facilities.

Mitigation Measure #2: Approximately every 5 years, prior to adoption of the Agency's Implementation Plan, the Agency shall participate in and fund (if funding is needed)

completion of a city-wide Transportation Impact Analysis in order to provide information appropriate for updates to the City's and Agency's schedule for funding and implementing transportation improvements. The Agency shall assist, as feasible, with funding improvements within the Project Area or of primary benefit to the Project Area, so that improvements are completed in a timely manner that accommodates growth and development.

Mitigation Measure #3: When project-specific applications are made for buildings to be located within 100 feet of the railroad tracks, vibration studies shall be conducted during environmental review. Mitigations such as building setbacks or other vibration reduction treatments should be incorporated into the project design.

Future projects and activities assisted and pursued by the Agency will need to be consistent with the General Plan, and subsequent CEQA and project approval processes will be carried out in order to ensure that additional project and/or cumulative impacts are addressed.

**6.3
SIGNIFICANT
ENVIRONMENTAL
IMPACTS THAT
CANNOT BE
AVOIDED**

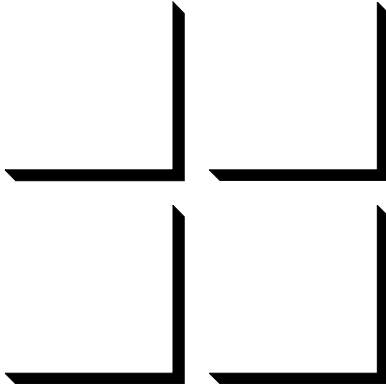
Significant environmental impacts that cannot be avoided include any significant impacts, including those that can be mitigated but not reduced to a level of insignificance. Section 5.0, above, evaluates impacts relative to traffic, public services, utilities, air quality, cultural resources, and noise. The analyses found that, with the exception of Air Quality (see below), the Project would not result in significant adverse impacts relative to these environmental issues, either directly, indirectly or cumulatively. The one identified unavoidable significant adverse impact associated with the Project is as follows:

AIR-1 IMPACT: During the planning period for the proposed General Plan Update, the rate of increase in VMT for Morgan Hill would be greater than the rate of increase in population. Implementation of all TCMs included in the Clean Air Plan could reduce this impact, but not to a less-than-significant level.

**6.4
SIGNIFICANT
IRREVERSIBLE
ENVIRONMENTAL
CHANGES**

Significant irreversible environmental changes that would be caused by a proposed project should it be implemented are defined by Section 15126.2 (c) of the CEQA Guidelines. These changes include large commitments of nonrenewable resources, which because of the size and duration of use of such resources, make removal or nonuse thereafter unlikely. Types of projects that might use large commitments of nonrenewable resources are new large-scale mining operations or highway improvements through previously undeveloped land. This CEQA Guideline definition also includes irreversible damage that could result from environmental accidents associated with a project.

The proposed Plan Amendment Project will be implemented over approximately 20 years, with assistance and funding activities occurring through 2024. It will be consistent with the 2001 General Plan as amended, which is the adopted long-term plan for build-out of the Amended Project Area. The General Plan EIR traffic analysis considered growth and development through the year 2025. Implementation of the proposed Project will facilitate the reuse and improvement of existing urbanized and abandoned areas. It will not result in significant irreversible environmental changes.



7.0 ALTERNATIVES TO THE PROPOSED PROJECT

Pursuant to Section 15126(d) of the California Environmental Quality Act (CEQA) Guidelines, this Chapter examines environmental consequences of a reasonable range of alternatives to the Plan Amendment that could also feasibly attain the basic objectives of the Project. The Guidelines further require that the discussion focus on alternatives capable of eliminating significant adverse impacts of the project. A "no project" alternative must be discussed as part of the alternatives evaluation. If the environmentally superior alternative is the "no project" alternative, the EIR must also identify an environmentally superior alternative from among the other alternatives.

The term "environmentally superior" refers only to the comparative environmental effects of the proposed project and the alternatives. The project objectives, and whether a particular alternative meets the objectives, must also be considered in the evaluation of alternatives. An alternative may be "environmentally superior" to the proposed project, but the alternative may not meet all of the criteria required to make the project feasible as defined by the Lead Agency. Therefore, environmental impacts and project objectives must be carefully weighed by decision makers before an informed decision can be made.

Because the Project is not a land use proposal, but a redevelopment plan intended to modify certain administrative aspects of the Ojo de Agua Redevelopment Plan, the alternatives generally reflect modest modifications to the administrative aspects of the proposed Plan Amendment.

Three potential alternatives to the proposed Redevelopment Project are analyzed. The first alternative looks at the general effects of abandoning the Project entirely; the second alternative discusses the effects and feasibility of retaining the existing boundaries of the Project Area; and the third looks at removing the administrative aspects of the Plan Amendment, including financing and eminent

domain provisions. This Chapter also explains why an alternative location alternative is not included.

7.1 NO PROJECT ALTERNATIVE

This alternative requires that the proposal to adopt the Plan Amendment be terminated. Under this alternative, the boundaries of the existing 2,747-acre Project Area would stay intact; the Agency's tax increment cap and lack of authority to issue bonds would be retained; bond limits for the Ojo de Agua Redevelopment Project would not be increased; and the use of eminent domain authority on non-residentially occupied properties would not be reauthorized.

Under this alternative, the Agency's abilities to alleviate blighting conditions as a result of the programs specified in the Plan Amendment would be greatly limited, as the Agency is currently expected to reach its existing cap on level of tax increment revenues that can be received by the Agency by about December 2007. With no funding resources, the Agency would not be able to undertake additional public improvements, projects or programs to address blight. Documentation of existing blighting conditions in the Amended Project Area can be found in the Draft Preliminary Report and in Chapter 3.0 of this EIR. Existing levels of blight would be perpetuated, possibly resulting in continued physical and economic deterioration throughout the Amended Project Area. This would occur because the blighting conditions cannot be eliminated through the efforts of the private sector acting alone, and in part because sufficient funding to provide for economic development incentives, economic revitalization, affordable housing, and public improvements would be limited.

This aspect of the No Project Alternative makes it environmentally inferior to the Project, because it could allow the adverse environmental effects of blighting conditions in the Amended Project Area to continue.

7.2 RETENTION OF EXISTING PLAN BOUNDARIES ALTERNATIVE

This alternative to the Redevelopment Plan Amendment would retain the existing boundaries of the existing 2,747-acre Project Area. The 492-acre Detachment Area would not be removed. Other elements of the proposed Plan Amendment, including increasing the Agency's tax increment cap. Re-authorizing bonding authority, and increasing bond limits for the Ojo de Agua Redevelopment Project, would remain as proposed.

Under these circumstances, tax increment revenues received by the Agency would not be reduced, and the Agency will reach its new cap on receipt of revenues sooner than if the Detachment Area is removed.

The return of tax revenues generated from the Detachment Area to taxing agencies would not occur, and the Agency would continue to receive customary levels of tax increment revenue. During the first year of the proposed Redevelopment Plan Amendment with a smaller project area, an estimated \$860,000 would be returned to the City of Morgan Hill General Fund, and over \$1,100,000 to the County of Santa Clara General Fund.

This alternative was found to be similar but somewhat environmentally inferior to the Proposed Project, in that the Agency's activities would not extend as long into the future, which could compress activities to the shorter term, which may not be as effective as if they were carried out over a longer timeframe, given staffing and resource constraints.

7.3 REMOVAL OF PLAN AMENDMENT FINANCING AND EMINENT DOMAIN COMPONENTS

Under this alternative, the Plan Amendment proposal would remove the 492-acre Detachment Area, reducing the Plan area to approximately 2,255 acres. However, other administrative aspects of the Project would not occur. These include no increase of the Agency's tax increment cap, no re-authorization of bonding authority, and no increased bond limits for the Ojo de Agua Redevelopment Project; and no reauthorization of the use of eminent domain authority on non-residentially occupied properties.

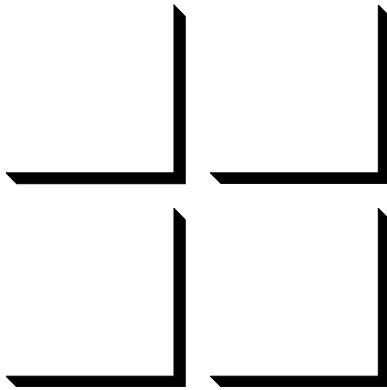
If these administrative aspects of the proposal were removed, the Agency's authority to continue alleviation of blight in the 2,255-acre Amended Project Area would be greatly diminished, as the Agency is currently expected to reach its existing cap on level of tax increment revenues that can be received by the Agency by about December 2007. With no funding resources, the Agency would not be able to undertake additional public improvements, projects or programs to address blight. Existing conditions of blight in the Amended Project Area could be perpetuated and, at worse, may become more widespread and severe. Results of this alternative could be similar to the No Project alternative, described above. This aspect of the Alternative makes it environmentally inferior to the Project, because it could allow the adverse environmental effects of blighting conditions in the Amended Project Area to continue.

7.4 ALTERNATIVE SITE

The Project is an amendment to an existing Redevelopment Plan. It is specific to the existing Redevelopment Plan Area, and proposed Amended Project Area. The Draft Preliminary Report documents continued conditions of blight in the Amended Project Area and the primary objective of the Plan Amendment is to alleviate these existing conditions of blight. An alternative location alternative is not considered feasible and was therefore not included in the analysis.

**7.5
ENVIRONMENTALLY
SUPERIOR
ALTERNATIVE**

The proposed Project is considered the environmentally superior alternative because it most directly addresses the Project's primary goal to alleviate blight in the Amended Project Area.



8.0 INFORMATION SOURCES

8.1 DOCUMENTS REFERENCED

- *Draft Preliminary Report for the Ojo de Agua Amended Redevelopment Project (July 06)*
- *City of. Morgan Hill General Plan. July 25, 2001 (Updated July 2004).*
- *City of Morgan Hill General Plan, Draft Master Environmental Impact Report (March 2001) and Final EIR (July 2001)*
- *Draft Traffic Impact Report – Cochrane Road PUD, Morgan Hill. Fehr & Peers Transportation Consultants (July 2005)*
- *Final Environmental Impact Report for the Cochrane Road Planned Unit Development (PUD). Pacific Municipal Consultants (October 2005)*
- *City of Morgan Hill Draft Transportation Impact Report – Morgan Hill Trader Joe’s, Fehr & Peers Transportation Consultants (April 2006)*
- *City of Morgan Hill Burrowing Owl Habitat Mitigation Plan (June 2003)*

8.2 PERSONS /AGENCIES CONTACTED

- Kathy MolloyPrevisich, City of Morgan Hill
- Garrett Toy, City of Morgan Hill Redevelopment Agency
- Eric Marlatt, City of Morgan Hill
- Joyce Maskell, City of Morgan Hill Redevelopment Agency

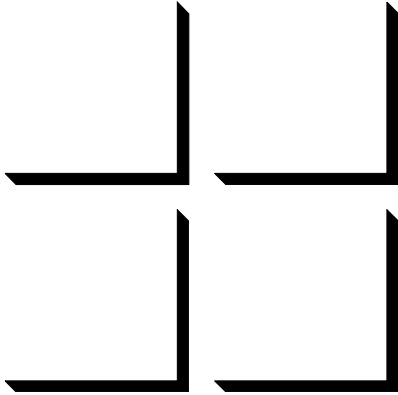
8.3 PREPARATION STAFF

- Joann Lombardo, Principal Environmental Planner
- Ernie Glover, Principal Project Consultant
- Paul Schowalter, Project Manager

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GLOSSARY OF TERMS

Affordable Housing – Dwelling units affordable to very low-, low- and/or moderate-income households. Affordable is defined by the federal and state government as housing that costs no more than 30% of gross monthly income for rent and mortgage payments. Very-low income is defined as household incomes less than 50% of the County median income; low-income is defined as 50 to 80 % of the County median; moderate is defined as 80 to 120 % of the County median income.

Amended Project Area – The approximately 2,255 acre Ojo de Agua Amended Project Area, generally located south of Burnett, west of Juan Hernandez, north of Fisher and east De Witt, in the City of Morgan Hill.

Bay Area Air Quality Management District (BAAQMD) – . The BAAQMD is the regional Commission that oversees air quality compliance in the San Francisco Air Basin.

California Environmental Quality Act (CEQA) – State of California Environmental Quality Act is promulgated in the California Public Resources Code Sections 21000-21178.1 (CEQA). In 1970, the California legislature established CEQA to provide and maintain a high quality environment for the people of California. To achieve this objective, CEQA provides a system of checks and balances for land use development and management decisions in California.

California Environmental Quality Act Guidelines (CEQA Guidelines) – Pursuant to Section 21083 of the Public Resources Code (CEQA), the CEQA Guidelines are a series of regulations prescribed by the State of California Secretary for Resources. These regulations (or guidelines) establish step-by-step procedures that all California state and local agencies are required to follow in order to comply with the provisions of CEQA.

Community Redevelopment Law (CRL) – Community Redevelopment Law (CRL) refers to the California Health and

Safety Code Sections 33000 *et seq.* which govern the establishment of a redevelopment project area.

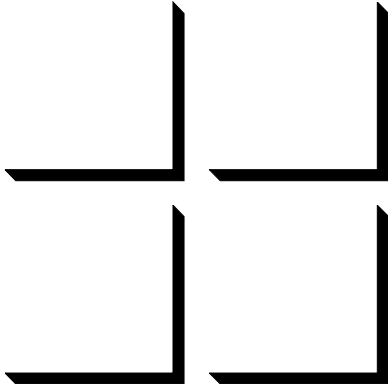
Environmental Impact Report (EIR) – Environmental Impact Report (EIR) is the environmental clearance document required to be prepared, pursuant to CEQA, for projects that may have a significant adverse impact on the environment.

Lead Agency - The Morgan Hill Redevelopment Agency.

Level of Service (LOS) – Level of service (LOS) is measurement of vehicular traffic congestion.

Notice of Preparation (NOP) – Notice of Preparation (NOP) is the formal notice required under CEQA which informs concerned public agencies and other concerned persons that an EIR is being prepared on the project.

Project – Section 21065 of the Public Resources Code (CEQA) defines a project as an activity that may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. The Project in this EIR is the adoption and implementation of the Ojo de Agua Amended Redevelopment Project.



Appendix A

Intital Study and Notice of Preparation

CITY OF MORGAN HILL REDEVELOPMENT AGENCY

Notice of Preparation

TO:

FROM: City of Morgan Hill Redevelopment
Agency
17555 Peak Avenue
Morgan Hill, CA 95037

Subject: Notice of Preparation for an Environmental Impact Report

The City of Morgan Hill Redevelopment Agency and the City of Morgan Hill are the Lead Agency and will prepare an environmental impact report for the Project identified below. We request your comments as to the scope and the precise content of the environmental information, which is germane to your agency's statutory responsibilities in connection with the proposed project, in a manner pursuant to California Code of Regulations Title 14, Section 15082(b). Your agency will need to use the environmental impact report prepared by our agency when considering your permit or other approval for the project.

The project description, location, and the probable environmental effects are contained in the attached copy of the Initial Study.

Due to the time limits mandated by State law, your complete and detailed response prepared pursuant to California Code of Regulations Title 14, Section 15082(b) must be sent at the earliest possible date, but not later than thirty (30) days after the date below.

Please send your response to Mr. Ernest Glover, GRC Redevelopment Consultants, Inc., 701 South Parker Street, Suite 7400, Orange, California 92868, (714) 234-1122.

We will also need the name of a contact person in your agency.

Project Title: Ojo de Agua Redevelopment Project Amendment

Project Applicant (if any): City of Morgan Hill Redevelopment Agency

Date: June 16, 2006 **Signature:** Kathleen Molloy Previsich
Kathleen Molloy Previsich
Community Development Director

Telephone: (408)779-7247

**CITY OF MORGAN HILL
CALIFORNIA ENVIRONMENTAL QUALITY ACT
EXPANDED INITIAL STUDY**

I. PROJECT DESCRIPTION

A. PROJECT TITLE	B. LEAD AGENCY NAME AND ADDRESS	
Ojo de Agua Redevelopment Project Amendment	City of Morgan Hill 17555 Peak Avenue Morgan Hill, CA 95037	
C. CONTACT PERSON AND PHONE NUMBER	D. PROJECT LOCATION	
Kathleen Molloy Previsich, Community Development Director (408) 779-7248	Generally located south of Burnett, west of Juan Hernandez, north of Fisher and east De Witt, in the City of Morgan Hill. (Reference Project Area Location Map, Figure 1)	
E. PROJECT SPONSOR'S NAME AND ADDRESS	F. GENERAL PLAN DESIGNATION	
Morgan Hill Redevelopment Agency 17555 Peak Avenue Morgan Hill, CA 95037-4128	GENERAL PLAN	See Item #G, below
G. DESCRIPTION OF THE PROJECT		
<p>The Ojo de Agua Redevelopment Project Amendment (Plan Amendment or Project) proposes to amend the 1999 Community Development Plan of the Ojo de Agua Project, originally adopted June 30, 1981. This proposed Plan Amendment has been initiated by the Morgan Hill Redevelopment Agency (the Agency) to accomplish the following actions:</p> <ol style="list-style-type: none"> 1. Detach approximately 492 acres of territory (Detachment Area) from the existing 2,747-acre Redevelopment Plan Project Area (Project Area). See Figure 2. 2. Increase the Agency's authorized tax increment cap by \$335 million to \$582 million within the 2,255-acre Remaining Area (or Amended Project Area, consisting of the Project Area less the Detachment Area). 3. Increase total bond limit for the Ojo de Agua Redevelopment Project to \$150 million. 4. Re-authorize eminent domain authority on non-residentially occupied properties within the Amended Project Area. <p>These actions are intended to facilitate the continued removal of blight in the Amended Project Area.</p> <p>A description of the existing land uses and General Plan designated land uses by acreage in the Existing Project Area, Detachment Area and Amended Project Area is provided below:</p>		

Existing Land Use						
	Existing Project Area		Detachment Area		Amended Project Area (Remaining Area)	
Land Use	Parcels	Acres	Parcels	Acres	Parcels	Acres
Single Family Residential	2,527	637.26	454	76.82	2,073	560.44
Multiple Family	705	123.90	27	2.04	678	121.86
Mobile Home Park	195	57.11	0	0.00	195	57.11
Commercial	195	238.35	17	47.28	178	191.07
Office/Professional	69	37.60	6	10.69	63	26.91
Industrial	223	448.05	51	191.84	172	256.21
Institutional	31	42.96	1	2.00	30	40.96
Public	98	241.14	3	22.75	95	218.39
Vacant	208	562.44	15	74.18	193	488.26
Streets and Rights of Way		358.32		64.14		294.18
Total	4,251	2,747.13	574	491.74	3,677	2,255.39
General Plan Land Use						
	Existing Project Area		Detachment Area		Remaining Area (or Amended Project Area)	
Land Use	Parcels	Acres	Parcels	Acres	Parcels	Acres
Residential Estate	32	81.59	0	0.00	32	81.59
Single Family Low	232	21.95	0	0.00	232	21.95
Single Family Medium	1,814	411.55	432	63.24	1,382	348.31
Multi-Family Low	1,116	627.62	41	3.41	1,075	624.21
Multi-Family Medium	196	120.45	0	0.00	196	120.45
Multi-Family High	2	1.54	0	0.00	2	1.54
Mixed Use	272	72.86	0	0.00	272	72.86
Commercial	170	197.30	8	22.35	162	174.95
General Commercial	6	15.24	6	15.24	0	0.00
Campus Industrial	2	16.25	0	0.00	2	16.25
Non-Retail Commercial	69	40.17	0	0.00	69	40.17
Industrial	276	586.81	86	306.83	190	279.98
Public Facilities	22	117.21	1	16.53	20	100.68
Streets and Rights of Way		358.32		64.14		294.18
	4,209	2,668.86	574	491.74	3,635	2,177.12
Source: GRC Redevelopment Consultants based on field surveys, Santa Clara County Assessor's data, and City of Morgan Hill GIS data. 2006						

H. SURROUNDING LAND USES AND SETTING

Uses surrounding the Amended Project Area are of similar uses and densities. Surrounding land uses include a mix of residential, commercial and industrial uses. U.S. Highway 101 is located east of the Amended Project Area.

The Amended Project Area and surrounding area are highly urbanized. According to the City Master Environmental Impact Report for the General Plan (General Plan EIR), there are limited biological resources in areas of the City outside the Amended Project Area. Identified communities include non-native grassland, with intermittent occurrences of chaparral and oak woodlands/savannah in surrounding areas. Potential burrowing owl habitat occurs in the central portion of the Amended Project Area. There are a limited number of recorded and potential archaeological resources along nonchannelized creek beds in areas east and west of the Amended Project Area. Locally and/or nationally designated historical resources occur in and surrounding the Amended Project Area, with historical structures located within the Downtown area.

II. ENVIRONMENTAL CHECKLIST AND DISCUSSION OF POTENTIAL EFFECTS

This section includes the environmental checklist required by CEQA, an explanation of the responses made to questions on the checklist and mitigation measures necessary to reduce impacts to less than significant levels.

A. LAND USE AND PLANNING

Would the proposal result in the following environmental effects:

	No	Less Than Significant Impact	Less than Significant with Mitigation Incorporated	Potentially Significant Impact	Sources ¹
1. Conflict with existing general plan designation or zoning?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GP, GPEIR, Zoning, CRL, field studies
2. Conflict with applicable environmental plans or policies adopted by agencies with jurisdiction over the project?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GP, GPEIR, Zoning,
3. Be incompatible with existing land uses in the vicinity?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GP, field studies
4. Affect agricultural resources or operations (e.g. soils or farmlands)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GP, field studies
5. Disrupt or divide the physical arrangement of an established community?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GP, field studies

Discussion:

In accordance with California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*; the “CRL”), future development within a redevelopment project area that is directly or indirectly attributable to Agency activities must be consistent with land use policies established within the jurisdiction’s General Plan and Zoning Code. Consistent with this CRL provision, the proposed Plan Amendment is not a land use proposal. Rather, it is an enabling

¹ GP = City of Morgan Hill General Plan, revised August 2005; GPEIR = City of Morgan Hill General Plan Draft EIR, March 2001; Zoning = City Zoning Code, current; CRL = Community Redevelopment Law; Field studies conducted March – May 2006 by GRC Redevelopment Consultants, Inc.

tool to be used by the Agency for the purpose of encouraging the rehabilitation of blighted areas. The Plan Amendment proposes a series of actions to facilitate the continued removal of blight in the Amended Project Area. Conditions of blight that previously existed in the Detachment Area have been alleviated through past Redevelopment Plan actions; and consequently, the Project proposes to remove the Detachment Area from the Ojo de Agua Redevelopment Project.

Future development and redevelopment activities within the Amended Project Area will occur in accordance with the General Plan, Zoning Code and applicable environmental plans and policies. Environmental impacts resulting from the adoption and implementation of the proposed Plan Amendment, including compatibility with existing land use, will be no greater than those anticipated in the environmental documentation for the General Plan. As such, the Project will be compatible with existing planned land uses and applicable environmental plans and policies, and will not result in the physical division of established communities.

As noted in Item A.4, above, there are no agricultural resources or lands designated for agriculture in the Amended Project Area. Consequently, no impacts to land use and planning are expected to result from the Plan Amendment.

B. POPULATION AND HOUSING					
Would the proposal:	No	Less Than Significant Impact	Less than Significant with Mitigation Incorporated	Potentially Significant Impact	Sources ²
1. Cumulatively exceed official regional or local population projects?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GP Reg. Coord.; SCJAP
2. Induce substantial growth in an area either directly or indirectly (e.g. infrastructure expansion)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GP, CEQA Guidelines
3. Displace existing housing, especially affordable housing?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	CRL

Discussion:

As defined in Section 15126.2 of the CEQA Guidelines, growth-inducing impacts of a project are those which could foster economic or population growth, or the construction of additional housing, either directly or indirectly, in the surrounding environment. Included in this definition are projects which would remove obstacles to population growth (a major expansion of a wastewater treatment plant might, for example, allow for more construction in service areas). The Plan Amendment is intended to facilitate removal of blighting conditions in the Amended Project Area. Any growth that occurs either directly or indirectly through Plan Amendment efforts would be consistent with the General Plan and related planning and environmental plans and policies. Growth in the City is regulated by the Residential Development Control System

² GP Reg Coord. = City of Morgan Hill General Plan Regional Coordination Element; SCJAP = South County Joint Area Plan, which was established in recognition of the increasingly regional nature of growth and development. The SCJAP has been enacted by Morgan Hill with the city of Gilroy and Santa Clara County to address area-wide planning issues in the South County area; CRL = Community Redevelopment Law.

(RDCS) that limits the City's residential growth to about 250 new dwelling units per year. The RDCS was renewed by Morgan Hill voters in 2004 as Measure C to be in effect through the year 2020, and is part of the City's General Plan. The Project will not alter these General Plan policies or any other regional or local population projections. It would not induce substantial growth.

Although the Plan Amendment may re-authorize eminent domain on non-residentially occupied properties, the Plan Amendment, as required by CRL, will contain policies to mitigate potential impacts should existing businesses or houses (not currently occupied by residents) be displaced because of Plan activities. Required policies of the Plan include a relocation plan for any displaced business, and contributions to a low- and moderate-income housing fund to provide replacement, new and renovated dwelling units. Consequently, potential impacts relative to displacement of housing are expected to be less than significant, and no mitigation is required.

C. GEOLOGIC PROBLEMS

Would the proposal result in or expose people to potential impacts involving:	No	Less Than Significant Impact	Less than Significant with Mitigation Incorporated	Potentially Significant Impact	Sources ³
1. Fault Rupture?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
2. Seismic ground shaking?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
3. Seismic ground failure including liquefaction?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
4. Seiche, tsunami, or volcanic hazard?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
5. Landslides or mudflows	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
6. Erosion, changes in topography or unstable soil conditions from excavation, grading or fill?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
7. Subsidence of the land?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
8. Expansive soils?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
9. Unique geologic or physical features?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR

Discussion:

According to the General Plan EIR, the Amended Project Area is not within areas of high geologic or soils hazards. The Amended Project Area is not located within the boundaries of an

³ GP = City of Morgan Hill General Plan, revised August 2005; GPEIR = City of Morgan Hill General Plan Draft EIR, March 2001; Zoning = City Zoning Code, current; CRL = Community Redevelopment Law; Field studies conducted March – May 2006 by GRC Redevelopment Consultants, Inc.

Earthquake Fault Zone for fault-rupture hazard as defined by the Alquist-Priolo Earthquake Fault Zoning Act. No evidence of past occurrences of strong seismic ground shaking, seismic-related ground failure or liquefaction, or landslides have been identified in or adjacent to the Amended Project Area.

There are a number of active and potentially active faults that are located within the vicinity of the City. These include the Calaveras Fault, which is a major branch of the San Andreas located about three miles east of the City, and the Sargent Fault located about eight miles west of the City. There are also three smaller faults, all of which appear to be connected to the Calaveras Fault, including the Silver Creek Fault, the Coyote Creek Thrust Fault, and the Range Front Thrust Fault, which are all located from one half mile to one mile east of the City. These faults could result in future occurrences of groundshaking, surface rupture or liquefaction. Any grading or other landform modifications conducted in the Amended Project Area would require separate City Building Division review. This review process and conformance to the California Building Code, which may include preparation of a geotechnical report, will reduce potential impacts to an acceptable level of risk. Further, improvements to existing buildings and the construction of new buildings that may occur as a result of Plan Amendment activities will reduce potential risks to their occupants through the application of modern building code standards.

Therefore, the potential of the Project to cause adverse impacts relative to the above-defined geology and soils factors is considered less than significant, and no mitigation is required. The Amended Project Area is generally flat and urbanized. There are no identified unique geologic or physical features identified within the area.

D. WATER

Would the proposal result in:

	No	Less Than Significant Impact	Less than Significant with Mitigation Incorporated	Potentially Significant Impact	Sources ⁴
1. Changes in absorption rates, drainage pattern, or the rate and amount of surface runoff?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
2. Exposure of people or property to water related hazards such as flooding?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
3. Discharge into surface waters or alter surface water quality?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
4. Changes in the amount of surface water in any water body?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
5. Changes in currents, or the course or direction of water movements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
6. Changes in quantity of ground waters, either through direct additions or withdrawals, or through interception of an aquifer by cuts or excavations or through substantial loss of ground water recharge capability?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Field studies
7. Altered direction or rate of flow of groundwater?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
8. Impacts to groundwater quality?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Santa Clara Valley Water District
9. Substantial reduction in the amount of ground water otherwise available for public water supplies?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR

Discussion:

According to the General Plan EIR, the northeast portion of the Amended Project Area is within the Llagas Creek 100 year floodplain, an area with a one percent or greater chance of being flooded in any year. Development in the floodplain must be controlled because it can increase flooding hazards by raising water levels upstream and by adding flow, velocity and debris downstream. The Butterfield Channel traverses the Amended Project Area, containing flows passing through the area and disbursing them into flood control facilities to the south. No identified natural body of water occurs in the Amended Project Area.

⁴ GPEIR = City of Morgan Hill General Plan Draft EIR, March 2001; Santa Clara Valley Water District; Field studies conducted March – May 2006 by GRC Redevelopment Consultants, Inc.

According to information available through the Santa Clara Valley Water District,⁵ perchlorate has been found in shallow groundwater between 30 and 150 feet below ground within two-thirds mile south of Tennant Road and the Amended Project Area. Perchlorate is a federally regulated compound that has been manufactured for military use and can also occur naturally in certain highly arid environments. In high concentrations, perchlorate has been found to cause health problems. No detections of perchlorate were found in the Madrone Channel recharge facility that catches runoff from areas south of Tennant Road.

Although the Amendment Project Area is characterized as urbanized, approximately 20% of the area is vacant land; the development of these properties will increase the amount of paved impervious surfaces, potentially increasing runoff. These potential increases in runoff are expected to be mitigated by existing state and City policies requiring capturing and detention of on-site drainage.

The Project is expected to generate a continued flow of redevelopment funds that will be available for public improvements, including flood control and water quality improvement facilities. Consequently, the Project is not expected to result in adverse impacts relative to the above-defined water issues.

⁵ Information obtained from Thomas K.G. Mohr, P.G., E.G., H.G., Perchlorate Project Manager, Groundwater Management Unit, Water Supply Management Division, Santa Clara Valley Water District <http://www.valleywater.org/employeeelgin>, May 2006.

E. AIR QUALITY

Would the proposal result in:

	No	Less Than Significant Impact	Less than Significant with Mitigation Incorporated	Potentially Significant Impact	Sources ⁶
1. Violate any air quality standard or contribute to an existing or projected air quality violation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR BAAQMP
2. Expose sensitive receptors to pollutants?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR BAAQMP
3. Alter air movement, moisture, or temperature, or cause any change in climate?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR BAAQMP
4. Create objectionable odors?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description

Discussion:

The City of Morgan Hill, inclusive of the Amended Project Area, is located in the San Francisco air basin, which is under the jurisdiction of the Bay Area Air Quality Management District (BAAQMD). The Plan Amendment will be consistent with the General Plan, and thus by extension, consistent with the land use and population projections used for the BAAQMD Air Quality Management Plan (AQMP). Consequently, the Project will not obstruct implementation of applicable air quality plans.

Pollutants are introduced into the BAAQMD region through a variety of natural and man-made sources, although the vast majority of the air pollution in the local vicinity can be attributed to mobile sources, such as motor vehicles. Implementation of the Plan Amendment will not contribute to any existing air quality violations.

Although mitigation measures to limit increases in air emissions have been adopted pursuant to the AQMP and City policy, future new development and redevelopment in the Amended Project Area could result in incremental increases in local air pollutant and particulate emissions. The exact character of such new development is not known, and whether or not such emissions would result is indeterminable at this time. As future development occurs, each proposal will be subject to an individual environmental review conducted in accordance with CEQA, AQMP and City regulations that are already in place. At such time, project review will include an analysis of potential air quality impacts and the potential for emissions of hazardous or noxious air pollutants or fumes. Where warranted, individual mitigation measures will be applied as appropriate in consultation with the BAAQMD. Adoption and implementation of the Plan Amendment will not affect the existing project review process.

Redevelopment activities are expected to stimulate the elimination of blight and the pace of new energy-efficient development. Consequently, anticipated impacts to the above-defined air quality impacts are expected to be less than significant, and no mitigation is required.

⁶ GPEIR = City of Morgan Hill General Plan Draft EIR, March 2001; BAAQMP = Bay Area Air Quality Management Plan; Project Description = reference Item 1G, above.

No objectionable odors are associated with Plan Amendment activities.

F. TRANSPORTATION/CIRCULATION					
Would the proposal result in:	No	Less Than Significant Impact	Less than Significant with Mitigation Incorporated	Potentially Significant Impact	Sources ⁷
1. Increased vehicle trips or traffic congestion?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	GPEIR
2. Hazards to safety from design features (e.g. sharp curves or dangerous intersections) or incompatible uses?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description
3. Inadequate emergency access or access to nearby uses?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description
4. Insufficient parking capacity on-site or off-site?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description
5. Hazards or barriers for pedestrians or bicyclists?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description
6. Conflicts with adopted policies supporting alternative transportation (e.g. bus turnouts, bicycle racks)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description
7. Affect rail, water or air traffic impacts?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description

Discussion:

Implementation of the Plan Amendment could accelerate redevelopment of underutilized portions of the Amended Project Area. This in turn, could affect traffic volumes or patterns in the area. Facilitating planned traffic improvements is a key objective of the Plan Amendment. Traffic improvements that could be funded through implementation of the Plan Amendment include: Butterfield Boulevard extension (south of Tennant), Tennant Avenue over-crossing/grade separation, Butterfield Boulevard over-crossing, Monterey Road utility undergrounding, various sidewalk construction and street extensions. In addition, the City has an existing Traffic Impact Fee program that requires development projects to pay their fair share of traffic improvement costs.

To ensure that future development in the Amended Project Area is properly coordinated with planned traffic improvements, the EIR will evaluate existing and planned transportation systems in the vicinity of the Amended Project Area and how the proposed Plan Amendment would affect these systems.

⁷ GPEIR = City of Morgan Hill General Plan Draft EIR, March 2001; Project Description = reference Item 1G, above.

Although the Plan Amendment would provide funding for traffic improvements, it would not alter existing City circulation plans relative to roadway design, parking, emergency access, pedestrian and bicycle circulation, or alternative transportation requirements. Similarly, the Plan Amendment is not expected to adversely impact the existing rail line that traverses the Amended Project Area. No water or air traffic operations occur in the vicinity of the Amended Project Area. Consequently, the Project would not result in significant adverse impacts to these transportation and circulation issues.

G. BIOLOGICAL RESOURCES

Would the proposal:	No	Less Than Significant Impact	Less than Significant with Mitigation Incorporated	Potentially Significant Impact	Sources ⁸
1. Disturb any endangered, threatened or rare species or their habitats (including but not limited to plants, fish, insects, animals or birds)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
2. Affect locally designated species (e.g. heritage trees)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
3. Affect locally designated natural communities (e.g. oak forest, coastal habitat, etc)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
4. Disturb wetland habitat (e.g. marsh, riparian and vernal pool)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
5. Affect wildlife dispersal or migration corridors?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR

Discussion:

As discussed above, there are limited biological resources in areas of the City outside the Amended Project Area. Identified communities include non-native grassland, with intermittent occurrences of chaparral and oak woodlands/savannah in surrounding areas. Burrowing owl, listed by the State of California as a species of concern, may nest within the undeveloped areas in the central portion of the Amended Project Area. All future construction activities in potential nesting areas are required to conform to the citywide Burrowing Owl Habitat Mitigation Plan, including, but not limited to, a preconstruction survey to determine the presence or absence of burrowing owl habitat. No threatened, endangered or other sensitive plant or animal species are expected to be present in the Amended Project Area, and the area is not within a habitat conservation area.

The City General Plan contains a number of policies to protect streams and creeks that flow through Morgan Hill. The West Little Llagas Creek traverses the Amended Project Area. A number of General Plan policies specifically address this creek, including policies 12i, 7h, and 5c, which promote implementation of a bikeway and park along Little Llagas Creek. As noted previously, the Plan Amendment will be consistent with the General Plan and its policies.

Biological resources in the Amended Project Area would be protected by existing City policies and plans. Pursuant to these existing policies and plans, potential significant adverse impacts from the Project relative to the above-defined biological resources are expected to be reduced to less than significant levels; and no mitigation is required.

⁸ GPEIR = City of Morgan Hill General Plan Draft EIR, March 2001.

H. ENERGY AND MINERAL RESOURCES

Would the proposal:	No	Less Than Significant Impact	Less than Significant with Mitigation Incorporated	Potentially Significant Impact	Sources ⁹
1. Conflict with adopted energy conservation plans?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description
2. Use non-renewable resources in a wasteful and inefficient manner?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description
3. Result in the loss of availability of a known mineral resource that would be of future value to the region and the residents of the state?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description

Discussion:

Redevelopment activities are expected to stimulate the elimination of blight and the pace of new energy-efficient development. Any development that occurs in the Amended Project Area would be consistent with the General Plan. The Project is not expected to conflict with energy conservation plans, use non-renewable resources in a wasteful or inefficient manner. No mineral resources occur within the vicinity of the Amended Project Area. Therefore, no significant adverse impacts from the Project relative to the above-defined energy and mineral resources are expected to occur.

⁹ Project Description = reference Item 1G, above.

I. HAZARDS

Would the proposal involve:

	No	Less Than Significant Impact	Less than Significant with Mitigation Incorporated	Potentially Significant Impact	Sources ¹⁰
1. A risk of accidental explosion or release of hazardous substances (including, but not limited to: oil, pesticides, chemicals or radiation)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description
2. Possible interference with an emergency response plan or emergency evacuation plan?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR, Project Description
3. The creation of any health hazard or potential health hazard?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description
4. Exposure of people to existing sources of potential health hazards?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description
5. Increased fire hazard in areas with flammable brush, grass or trees?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR, Project Description

Discussion:

Existing and new industrial uses in or adjacent to the Amended Project Area are subject to project review by the City. New industrial uses also would be subject to federal and state regulations and local ordinances that regulate the transport, manufacture, use and disposal of hazardous materials. Older buildings may contain hazardous materials, such as lead-based paint and asbestos containing materials. Removal of these materials is regulated by state and federal ordinances. These regulations and ordinances are expected to reduce potential adverse impacts relative to hazardous materials in the Amended Project Area to less than significant levels. Therefore, the potential for any adverse impacts on the environment due to hazards and hazardous materials is less than significant, and no mitigation is required.

The Project would be consistent with existing policies of the General Plan and Zoning Code; and would not interfere with emergency response or evacuation plans. The Project is not within a designated fire hazard area. Consequently, no impacts to emergency plans or fire hazards would occur from Project implementation.

¹⁰ GPEIR = City of Morgan Hill General Plan Draft EIR, March 2001; Project Description = reference Item 1G, above.

J. NOISE

Would the proposal result in:

	No	Less Than Significant Impact	Less than Significant with Mitigation Incorporated	Potentially Significant Impact	Sources ¹¹ Project Description
1. Increase in existing noise levels?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Exposure of people to severe noise levels?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GP

Discussion:

Implementation of the Plan Amendment could accelerate redevelopment of underutilized portions of the Amended Project Area. This in turn, could affect noise levels from local traffic and construction activities. However, noise standards established by the General Plan and local ordinance regulate potential noise impacts from new development in the Amended Project Area. Implementation of the Plan Amendment will allow the Agency to use its resources to underwrite mitigation of noise impacts resulting from future redevelopment projects, if required. Therefore, the potential for significant adverse impacts on the environment relative to ambient noise or ground vibrations in the Amended Project Area or as a result of Project implementation is less than significant, and no mitigation is required.

¹¹ GP = City of Morgan Hill General Plan, revised August 2005; Project Description = reference Item 1G, above.

K. PUBLIC SERVICES

Would the proposal have an effect upon or result in a need for new or altered government services in any of the following areas:

	No	Less Than Significant Impact	Less than Significant with Mitigation Incorporated	Potentially Significant Impact	Sources ¹²
1. Fire protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Project Description
2. Police protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Project Description
3. Schools?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description
4. Maintenance of public facilities, including roads?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description
5. Other government services?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description

Discussion:

Implementation of the Plan Amendment could accelerate redevelopment of underutilized portions of the Amended Project Area. This in turn, could accelerate demand for fire protection and police protection. Although such development will be consistent with the General Plan, the need for these services may accelerate beyond available capacity, resulting in potentially significant adverse impacts. The EIR for the Project will evaluate potential impacts related to the fire protection and police protection services.

As discussed under Item #B, above, growth in the City is regulated by the RDCS that limits the City's residential growth to about 250 new dwelling units per year. Consequently, the Project is not expected to adversely impact schools or other public facilities. The Plan Amendment is expected to generate a continued flow of tax increment revenue for the improvement of public facilities. Consequently, the Project is not expected to adversely impact the maintenance of public facilities

¹² Project Description = reference Item 1G, above.

L. UTILITIES

Would the proposal result in a need for new systems or supplies, or substantial alterations to the following utilities:

	No	Less Than Significant Impact	Less than Significant with Mitigation Incorporated	Potentially Significant Impact	Sources ¹³
1. Power or natural gas?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Project Description
2. Communication systems?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Project Description
3. Local or regional water treatment or distribution facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Project Description
4. Sewer or septic tanks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Project Description
5. Storm water drainage?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Project Description
6. Solid waste disposal?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Project Description
7. Local or regional water supplies?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Project Description

Discussion:

Implementation of the Plan Amendment could accelerate redevelopment of underutilized portions of the Amended Project Area. This in turn, could accelerate demand for utilities. Although such development will be consistent with the General Plan, the need for these utilities may accelerate beyond available capacity, resulting in potentially significant adverse impacts. To ensure that future development in the Amended Project Area is properly coordinated with existing and planned utility capacity, the EIR will evaluate existing and planned utility systems in the vicinity of the Amended Project Area and how the proposed Plan Amendment would affect these systems.

M. AESTHETICS

Would the proposal:

	No	Less Than Significant Impact	Less than Significant with Mitigation Incorporated	Potentially Significant Impact	Sources ¹⁴
1. Affect a scenic vista or scenic highway?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GP
2. Have a demonstratable negative aesthetic effect?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description
3. Create light or glare?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description

¹³ Project Description = reference Item 1G, above.

¹⁴ GP = City of Morgan Hill General Plan, revised August 2005; Project Description = reference Item 1G, above.

Discussion:

A primary goal of the Plan Amendment is to eliminate existing blighting conditions within the Amended Project Area. Consequently, implementation of the Plan Amendment is expected to have a demonstrable positive aesthetic effect on the Amended Project Area.

New development and redevelopment in the Amended Project Area will not result in the obstruction of any identified scenic highways or vistas. Redevelopment activities could encourage new or significantly rehabilitated development throughout the Amended Project Area, which in turn could contribute to an improved positive visual image for the Amended Project Area as well as surrounding areas.

Future development may produce new sources of light and glare that could affect adjoining sensitive residential and institutional land uses. The primary source of additional light and glare will come from parking lot and building lighting. Chapter 18.74 of the City Zoning Code establishes design review standards for development within the City. Specifically, Chapter 18.74 contains design review guidelines that provide specific criteria relative to building design and materials and lighting. These City standards would reduce potential impacts relative to light and glare or visual character of future development to an acceptable level. Consequently, no significant adverse impacts from the Project relative to the above-defined aesthetics factors are expected to occur.

N. CULTURAL RESOURCES					
Would the proposal:	No	Less Than Significant Impact	Less than Significant with Mitigation Incorporated	Potentially Significant Impact	Sources ¹⁵
1. Disturb paleontological resources?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
2. Disturb archaeological resources?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
3. Affect historical resources?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
4. Have the potential to cause a physical change which would affect unique ethnic cultural values?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
5. Restrict existing religious or sacred uses within a potential impact area?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR

Discussion:

There are a limited number of recorded and potential archaeological resources along nonchannelized creek beds in areas east and west of the Amended Project Area. Locally and/or nationally designated historical resources occur in and surrounding the Amended Project Area, with numerous historical structures located within the Downtown area. As part of the City's development approval process, all development projects are required to comply with CEQA,

¹⁵ GPEIR = City of Morgan Hill General Plan Draft EIR, March 2001.

including review of site-specific archeological, paleontological, historical or cultural resources if appropriate. Should any cultural resources be potentially affected by proposed development or redevelopment activities, the City's approval process will require that impacts to the resources be eliminated or reduced through mitigation. The City's development approval process is expected to reduce potential significant adverse impacts from the Project relative to the above-defined cultural resources to less than significant levels; and no mitigation is required.

O. RECREATION

Would the proposal:	No	Less Than Significant Impact	Less than Significant with Mitigation Incorporated	Potentially Significant Impact	Sources ¹⁶
1. Increase the demand for neighborhood or regional parks or other recreational facilities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GP
2. Affect existing recreational facilities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description

Discussion:

The Project is expected to generate a continued flow of redevelopment funds that will be available for public improvements, including planned community facilities. These facilities could include: library expansion, sports complex, youth center, or implementation of a community park master plan. Any such improvements that are funded through redevelopment efforts would be required to be reviewed through existing City planning and environmental processes. In addition, because the Plan Amendment will be consistent with land use policies of the General Plan, the Plan Amendment will not increase demand for recreational facilities above and beyond that contained in the General Plan. Therefore, no public recreational facilities are expected to be negatively affected by implementation of the Plan Amendment.

¹⁶ GP = City of Morgan Hill General Plan, revised August 2005; Project Description = reference Item 1G, above.

P. MANDATORY FINDINGS

	No	Less Than Significant Impact	Less than Significant with Mitigation Incorporated	Potentially Significant Impact	Sources ¹⁷
1. Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR
2. Does the project have impacts that are individually limited, but cumulatively considerable? (“Cumulatively considerable” means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	GPEIR, Project Description
3. Does the project have environmental effects which will cause substantial adverse effects to human beings, either directly or indirectly?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	GPEIR, Project Description

Discussion:

As discussed above, the Amended Project Area is urbanized. It does contain potential burrowing owl nesting area and creeks. There is also potential for the Amended Project Area to contain cultural resources. Existing City policies and plans are expected to reduce potential impacts to these resources to less than significant levels.

Future new development and redevelopment in the Amended Project Area could result in traffic increases, public service and utility demands that may not be fully mitigated by existing City policies. This could result in cumulative impacts requiring mitigation. Further assessment of potential cumulative traffic impacts associated with the Project will be provided in the Draft EIR.

¹⁷ GPEIR = City of Morgan Hill General Plan Draft EIR, March 2001; Project Description = reference Item 1G, above.

All future development and redevelopment activities accomplished under the proposed Plan Amendment are expected to conform to applicable federal, state and local guidelines. These regulations and ordinances are expected to reduce potential adverse impacts relative to environmental effects to human beings to less than significant levels. Therefore, the potential for any adverse impacts on the environment due to these effects is less than significant, and no mitigation is required.

List of Data Sources

1. City of Morgan Hill General Plan
2. City of Morgan Hill Zoning Code
3. Project Description and Plans
4. Field Observations
5. Community Redevelopment Law
6. CEQA Guidelines
7. South County Joint Area Plan
8. Santa Clara Valley Water District
9. Bay Area Air Quality Management Plan.

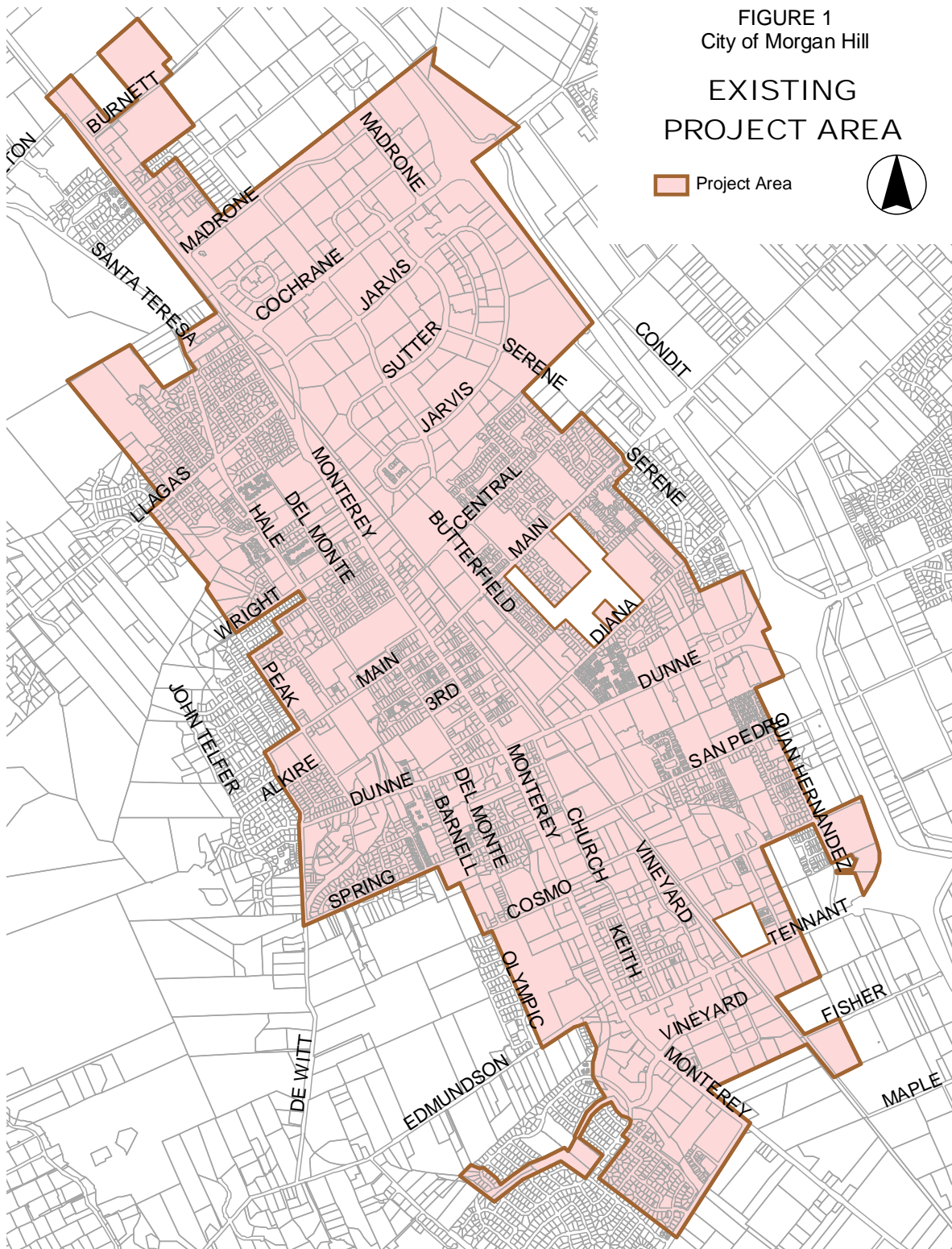
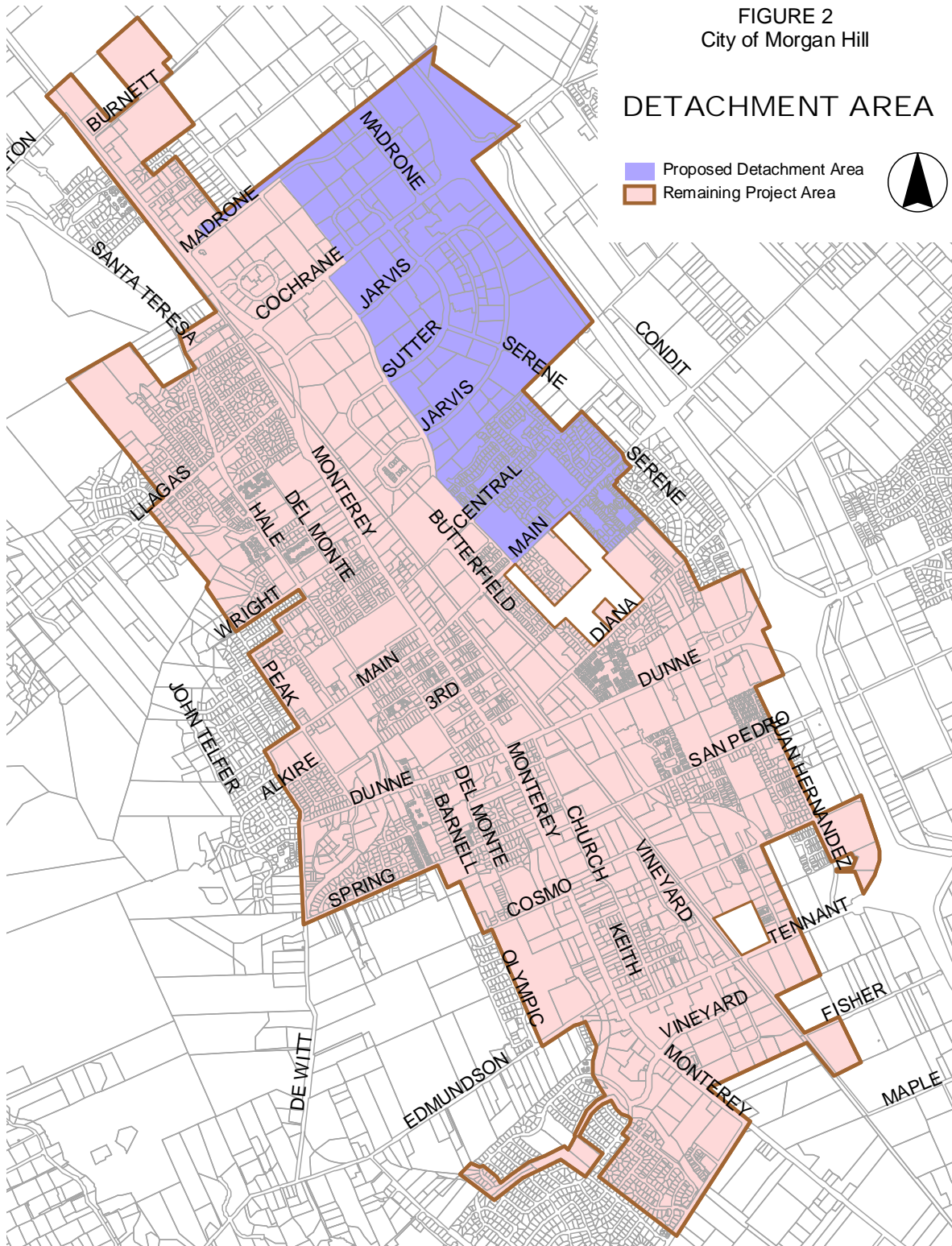


FIGURE 2
City of Morgan Hill

DETACHMENT AREA



III. DETERMINATION

On the basis of this initial evaluation:

- ☐ I find that the proposed project **COULD NOT** have a significant effect on the environment, and a **NEGATIVE DECLARATION** will be prepared.
 - ☐ I find that although the project could have a significant effect on the environment, there will not be a significant effect in this case because the mitigation measures described on the attached sheet have been added to the project. A **MITIGATED NEGATIVE DECLARATION** will be prepared.
 - ☐ The proposed project **MAY** have a significant effect on the environment, and an **ENVIRONMENTAL IMPACT REPORT** is required.
 - ☒ I find that the proposed project **MAY** have a "potentially significant impact" on the environment, but at least one effect has been adequately analyzed in an earlier document pursuant to applicant legal standards, and has been addressed by mitigation measures based on the earlier analysis as described on the attached sheets a **FOCUSED PROGRAM ENVIRONMENTAL IMPACT REPORT** is required, but it must analyze only the effects that remain to be addressed.
 - ☐ I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (1) have been analyzed in an earlier EIR pursuant to applicable standards, and (2) have been avoided or mitigated pursuant to that earlier EIR, including revisions or mitigation measures that are imposed upon the proposed project no further environmental review is required.
-

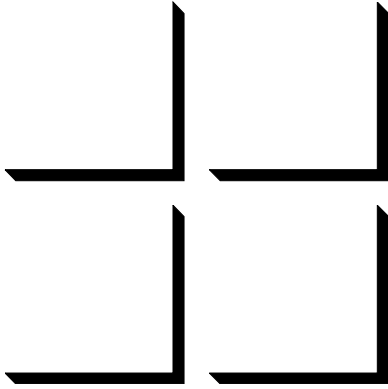
Signature: _____

Kathleen Molloy Previsich

Printed Name: Kathleen Molloy Previsich, Community Development Director

Date: _____

June 6, 2006



Appendix B

Correspondence

County of Santa Clara

Roads and Airports Department
Land Development and Permits

101 Skyport Drive
San Jose, California 95110-1302
(408) 573-2460 FAX (408) 441-0275

PLANNING DEPT.
JUL 07 2006
CITY OF MORGAN HILL



July 6, 2006

City of Morgan Hill
Redevelopment Agency
17555 Peak Avenue
Morgan Hill, CA 95037

Subject: Ojo de Agua Redevelopment Project Amendment
Notice of Preparation of an Environmental Impact Report

Attn: Kathleen Molley Previsich, Community Development Director

Dear Katheen:

This is in response to your Notice of Preparation issued to us on June 6, 2006 regarding the subject project.

The review is complete and we have the following comments:

Traffic and Electrical Operations

1. P.10 #1 – potential impact to vehicle trips / traffic congestion. Please provide mitigation plan and trip generation calculations that would potentially affect County-maintained and/or County owned intersections.

If you have any questions concerning the above, please contact me at (408) 573-2463.

Sincerely,

William Yeung
Associate Civil Engineer
Land Development and Permits

Cc: File

No objectionable odors are associated with Plan Amendment activities.

F. TRANSPORTATION/CIRCULATION

Would the proposal result in:

	No	Less Than Significant Impact	Less than Significant with Mitigation Incorporated	Potentially Significant Impact	Sources ⁷
1. Increased vehicle trips or traffic congestion?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	GPEIR
2. Hazards to safety from design features (e.g. sharp curves or dangerous intersections) or incompatible uses?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description
3. Inadequate emergency access or access to nearby uses?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description
4. Insufficient parking capacity on-site or off-site?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description
5. Hazards or barriers for pedestrians or bicyclists?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description
6. Conflicts with adopted policies supporting alternative transportation (e.g. bus turnouts, bicycle racks)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description
7. Affect rail, water or air traffic impacts?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Project Description

Discussion:

Implementation of the Plan Amendment could accelerate redevelopment of underutilized portions of the Amended Project Area. This in turn, could affect traffic volumes or patterns in the area. Facilitating planned traffic improvements is a key objective of the Plan Amendment. Traffic improvements that could be funded through implementation of the Plan Amendment include: Butterfield Boulevard extension (south of Tennant), Tennant Avenue over-crossing/grade separation, Butterfield Boulevard over-crossing, Monterey Road utility undergrounding, various sidewalk construction and street extensions. In addition, the City has an existing Traffic Impact Fee program that requires development projects to pay their fair share of traffic improvement costs.

To ensure that future development in the Amended Project Area is properly coordinated with planned traffic improvements, the EIR will evaluate existing and planned transportation systems in the vicinity of the Amended Project Area and how the proposed Plan Amendment would affect these systems.

⁷ GPEIR = City of Morgan Hill General Plan Draft EIR, March 2001; Project Description = reference Item 1G, above.